Sacramento Regional Transit District

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended June 30, 2015 and 2014

Regional Transit

1400 29th Street
P.O. Box 2110
Sacramento, CA 95812-2110
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Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2015 and 2014

Regional Transit

Sacramento Regional Transit District

Prepared by the Finance Division

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Introductory Section

Regional Transit

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

Mailing Address:
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Sacramento, CA 95812-2110

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(916) 321-2800
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Public Transit Since 1973

www.sacrt.com

December 14, 2015

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

The Sacramento Regional Transit District (the District) is required to undergo an annual audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133 as it pertains to audits of state and local governments. State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards* issued by the Comptroller of the United States within 6 months of the close of each fiscal year. Pursuant to that requirement, the District hereby issues the Comprehensive Annual Financial Report (CAFR) of the District for the fiscal years ended June 30, 2015 and 2014.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the District annually commissions an independent audit of its account records, consistent with the Sacramento Regional Transit District Board of Directors' (Board) fiduciary duty to preserve and protect District assets and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Crowe Horwath, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the District's financial statements for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there are no material weaknesses to report and that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately-issued Single Audit Reports.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the independent auditor's report of Crowe Horwath LLP.

Profile of the District

The District began operation on April 1, 1973, with the acquisition of the Sacramento Transit Authority. The District is the largest public transportation provider in the Sacramento region, serving a metropolitan population of over 1.4 million with a service area of 418 square miles. In 1971, California legislation allocated sales tax money for local and statewide transit service, and created the organizational framework for the District pursuant to the Sacramento Regional Transit District Act.

An 11-member Board of Directors is responsible for governing the District. The Board is comprised of four members of the Sacramento City Council, three members of the Sacramento County Board of Supervisors, one member of the Rancho Cordova City Council, one member of the Citrus Heights City Council, one member of the Folsom City Council and one member of the Elk Grove City Council. The Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring both the District's General Manager/Chief Executive Officer (GM/CEO) and Chief Counsel. The District's GM/CEO is responsible for carrying out the policies and ordinances of the Board for overseeing the day-to-day operations of the District, and for appointing the executive management of the various divisions.

The District provides bus and light rail service 365 days a year covering a 418 square-mile service area. Annual ridership has steadily increased on both the bus and light rail systems from 14 million passengers in 1987, when light rail operations began, to approximately 26 million passengers in fiscal year ended June 30, 2015. The District's entire bus and light rail system is accessible to the disabled community. Additionally, through a contract with Paratransit, Inc., the District provides origin-to-destination transportation service (in accordance with the Americans with Disabilities Act of 1990) for people that are unable to use fixed-route service.

The District's annual budget serves as the foundation for financial planning and control. The budget is a financial plan for one fiscal year of operating revenue and expenses, and capital investments. The plan matches revenues with the service expenses and project cost expenses based on policies set by the District's Board. The budget process follows three basic steps that help provide continuity in decision making: 1.) assess current conditions and needs, and develop goals, objectives, policies and plans; 2.) prioritize projects and develop a work program, and 3.) implement those plans and policies, and prepare to evaluate their effectiveness and shortcomings.

All division executive managers for the District are required to submit requests for appropriation to the GM/CEO by the last business day of January each year. The District's GM/CEO uses these requests as the starting point for developing a proposed budget. The District's GM/CEO then presents this proposed budget to the Board for a 60-day public review period beginning in April. Following the review period, the District is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the District's fiscal year. The budget is prepared by fund (operating or capital), division and department (e.g., safety) or by capital project. The legal level of control is at the fund level, in which budget amendments are authorized by the Board. The responsible division executive manager and the GM/CEO authorize interdivisional transfers. The respective division directors and department managers authorize intra-divisional transfers and the responsible manager authorizes departmental transfers.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates bus and light rail service.

Local Economy

The District operates within the greater Sacramento region. The region, which includes six counties (El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba), has varied state governmental services and a light industrial base. The annual unemployment rate for the Sacramento area in 2015 was 5.6 percent down from 7.1 percent in 2014. The Sacramento region is expected to see 3 percent annual job growth in 2016.

Residential construction, as measured by building permits, increased in 2015 and is projected to increase in fiscal year 2016, and continue to trend slightly higher over the next several years.

A significant portion of the District's operating funds are derived from sales tax revenues. In 2015 taxable sales in the Sacramento region rose resulting in an increase of 4.8 percent in the Local Transportation Fund and a 4.4 percent in Measure A Revenue. It is estimated that taxable sales in 2016 will increase approximately 5 percent resulting in a similar increase in the Local Transportation Fund and Measure A Revenue.

An improved housing market, development in downtown Sacramento and job creation is a positive sign for continued economic improvement in the region, which will affect consumer spending.

Major Initiatives

TransitAction Plan – The TransitAction Plan, adopted by the Board in August 2009, represents the District's vision for the next 25 years. Prior to that, the District's last Transit Master Plan was produced in 1993. Since then the Sacramento region has seen significant population growth with an expanding low density land use form. With population and employment locations becoming even more dispersed, it has become more challenging for the District to provide affordable, effective transit service.

In response to urban sprawl, the Sacramento Area Council of Governments (SACOG) has produced a land use "Blueprint" for the future of the region. The Blueprint is based on "smart growth" principles with a focus on high quality, higher density, mixed-use neighborhoods, which are designed with a greater emphasis on walking, cycling and transit use. These livable communities will be designed with ."complete streets" so that there is less reliance on automobiles providing for a more sustainable future.

The Sacramento region is emerging from a slow growth period, traffic congestion is expected to worsen with long term population growth. The District provides a vital service to the region, but the continuing need remains for a comprehensive incremental change in the quality, coverage and frequency of transit to make it the mobility option of choice.

TransitRenewal – In addition, the District implemented the first phase of "TransitRenewal" in September 2012, a comprehensive operational analysis of the District's entire bus and light rail system, gathered from community input and route analysis that resulted in recommendations on how to restore, restructure and "renew" transit service through 2017. Contingent upon sufficient funding, the goal of TransitRenewal is to restore the equivalent of the 20.1 percent of service that was discontinued in June 2010. Service improvements implemented in fiscal year 2013 (September 2012) include extended night service on light rail and nine major bus routes, increased frequency on highly-utilized bus routes, and restructured bus routes to better serve riders. A total of 8.5 percent of service has been restored toward the TransitRenewal goal.

Systemwide Improvement Initiative - The District convened 12 members of the downtown Sacramento business community (Business Advisory Panel) in September 2014 to evaluate transit service provided by the District as it relates to serving and attracting riders to major venues and destinations in the downtown Sacramento area. As a result of the Business Advisory Panel's recommendations, the District's Board formed the Ad Hoc System Improvement Committee to assist in and to implement the recommended actions on buses and light rail trains systemwide. In 2015, the District began implementing cost saving recommendations such as partnering with local districts for maintenance, reaching out to private sector stakeholders for support and prototyping a mobile application for convenient fare payment.

South Line Phase 2 – South Line Phase 2 (Blue Line to Cosumnes River College) is the second phase of a two-phased 10.6 mile light rail extension of the existing light rail line south to the city of Elk Grove. Revenue service on the new line began on August 24, 2015, with the first train arriving at Cosumnes River College at 5:07 a.m. The extension opened ahead of the scheduled September 2015 projection. The South Line Phase 2 project included the following three components:

i. Light Rail Extension – The South Line Phase 2 project extended the District's light rail system 4.3 miles from the existing terminus at Meadowview Road to Cosumnes River College. The extension is expected to add approximately 2,880 daily boardings on the Blue Line, improving connections between the south Sacramento corridor and the downtown core. Phase 2 involved the construction of four stations with three incorporating park-and-ride lots. This important regional project, improves overall system accessibility, provided jobs and will help improve traffic congestion and air quality.

ii. Parking Structure – The South Line Phase 2 project involved the addition of a four-story, 2,000-space parking structure located at the east entrance of Cosumnes River College. Built through a partnership between RT and the Los Rios Community College District, the parking structure was completed and opened in June 2013. The parking structure opening represented one of the first major milestones of the South Line Phase 2 project. On August 8, 2014, the Sacramento Chapter of the American Public Works Association named the parking structure their 2014 Project of the Year in the New Structure category.

iii. Aerial Bridges – The South Line Phase 2 project also includes two aerial (light rail) bridges at Morrison Creek and Cosumnes River Boulevard. The aerial bridges structural work was completed ahead of schedule in December 2013.

Green Line to the Airport – The Green Line to the Airport light rail extension project is the continuation of the Green Line to the River District (GL-1) across the American River and through the Natomas communities to the Sacramento International Airport.

This major light rail infrastructure project, with many planned components, proposes to add approximately 13 miles of track: 13 light rail stations, including seven with park-and-ride lots; a bridge crossing the American River; and a light duty maintenance facility. The funded scope is limited to the Alternatives Analysis (Complete), the Draft Environmental Impact Statement/Environmental Impact Report (DEIS/EIR) estimated to be completed by fall 2016 and advanced conceptual engineering of key areas along the remaining portion of the corridor.

The project's current focus is on the Sacramento Valley Station loop, which will be built to accommodate operations for the Green Line to the Airport and the Downtown/Riverfront streetcar projects. The loop is also expected to serve the Sacramento Railyards development, and is scheduled to be complete in 2018.

Smart Card – The District, along with SACOG and seven other transit agencies have embarked on a smart card based regional transit fare payment system named "Connect Card," that will serve customers in the Sacramento region. Included in the list of services to be offered by this program is the ability for the customer to pay for fare products online using a credit or debit card. With the implementation of the program, the District's goals are to provide improved customer convenience, fare enforcement, real-time revenue settlement, revenue security, an improvement to ridership counts and improved service quality. Much assessment on the project was made throughout 2015 by testing light rail stations and buses with new equipment and prototype testing of the smart card systems. Live operations, starting region wide, is anticipated to commence in 2016.

Downtown/Riverfront Streetcar – The District, along with SACOG, the cities of Sacramento and West Sacramento and with the Yolo County Transit District (YCTD), are currently working on the planning and development of a future streetcar project that would link midtown, downtown Sacramento, the Bridge District and the City Hall complex in West Sacramento. Nationally, streetcar projects have demonstrated economic benefits and pedestrian mobility improvements and will provide similar benefits for local urban areas like Sacramento. The streetcar project was presented to the registered voters in Sacramento's project area in June 2015 to determine whether funding for the project will be approved through an assessment of those properties. The final results of the vote were 50 percent for assessment, which was below the 67 percent margin that is needed to pass. The District will be submitting a Small Starts request to the Federal Transit Administration (FTA) in December 2016 for the streetcar project.

Golden 1 Center (Entertainment Sports Center) – The District is collaborating with the City of Sacramento on the new Golden 1 Center now under construction. The District and the City's goal is to provide enhanced transit service to serve the anticipated market for the nearly 17,000+ users who will attend the facility at each event and the surrounding Downtown Commons and K Street redevelopment areas. The Golden 1 Center construction is estimated to be completed by October 2016.

Bus Replacement – The District received delivery of 30 new GILLIG BRTPlus Compressed Natural Gas (CNG) buses in April 2015. The buses are equipped with new fare boxes that have the ability to disperse limited use smart cards, which will complement the Connect Card program. This was the first delivery of 96 new buses to be procured through January 2017 to replace the District's aging fleet.

Light Rail Vehicle Retrofit – The District is modifying the 21 light rail vehicles acquired from the Santa Clara Valley Transportation Authority. The District increased capacity throughout the expanded light rail system when the first set of vehicles began operation in September 2015. The vehicle modification is projected to be completed by September 2016.

Balanced Funding Concepts

While the District has extensive plans for future expansion and improvement of light rail and bus services, it faces significant capital replacement and infrastructure maintenance needs for its existing bus and light rail systems. As a result, it is increasingly important to ensure the availability of financial resources to maintain existing levels of service and to fund capital and operating expenditures related to proposed expansion and service improvements. The 25-year vision balances high-priority needs with potential funding. There are three major sources of funding:

- Locally controlled federal and state funding sources (funding given to local governments and agencies to spend on their priority projects)
- Federal discretionary funding sources (designated by the federal government for a specific project)
- Locally raised money (from county sales tax, downtown parking revenues, and development fees)

Most of the federal and state revenues that the District receives are generated by the 5307/5309/5337 federal transit funds and the state transportation account, rather than general funds.

The District has specific and continuing Securities and Exchange Commission (SEC) disclosure requirements (Rule 15c2-12) in connection with the 2012 Series Revenue Bonds. The required continuing disclosure items and their locations within the CAFR are presented on page 92.

The District maintains two combined retirement plan Pension Trust funds for the District's union employees, which accounts for the retirement fund of the members of ATU and IBEW and another for the District's salaried employees. Each year, an independent actuary engaged by the respective Retirement Boards calculates the amount of the annual contribution that the District must make to the Trusts to ensure that each retirement plan will be able to fully meet its obligations to retired employees on a timely basis. The District fully funds each year's annual required contribution to the Trusts as determined by the actuary.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal years ended June 30, 2014 and 2013. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state or local government financial reports. This was the 14th consecutive year that the District has received this award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of several departments and the tireless efforts of the finance department staff. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report, with special thanks to Paul Selenis, Accounting Manager; Jamie Adelman, Senior Accountant; Nadia Mokhov, Senior Financial Analyst; and Jessica Shevlin, Senior Administrative Assistant.

Respectfully Submitted,

Michael R. Wiley
General Manager/CEO

Brent Bernegger
Chief Financial Officer, Acting

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sacramento Regional Transit District

California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Sacramento Regional Transit District

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Andy Morin, City of Folsom, **Vice Chair**
Linda Budge, City of Rancho Cordova
Steve Hansen, City of Sacramento
Steve Harris, City of Sacramento
Pat Hume, City of Elk Grove
Rick Jennings, II, City of Sacramento
Roberta MacGlashan, County of Sacramento
Steve Miller, City of Citrus Heights
Don Nottoli, County of Sacramento
Phil Serna, County of Sacramento

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Steven Detrick, City of Elk Grove
Mel Turner, City of Citrus Heights
David Sander, City of Rancho Cordova

General Manager/CEO

Michael R. Wiley

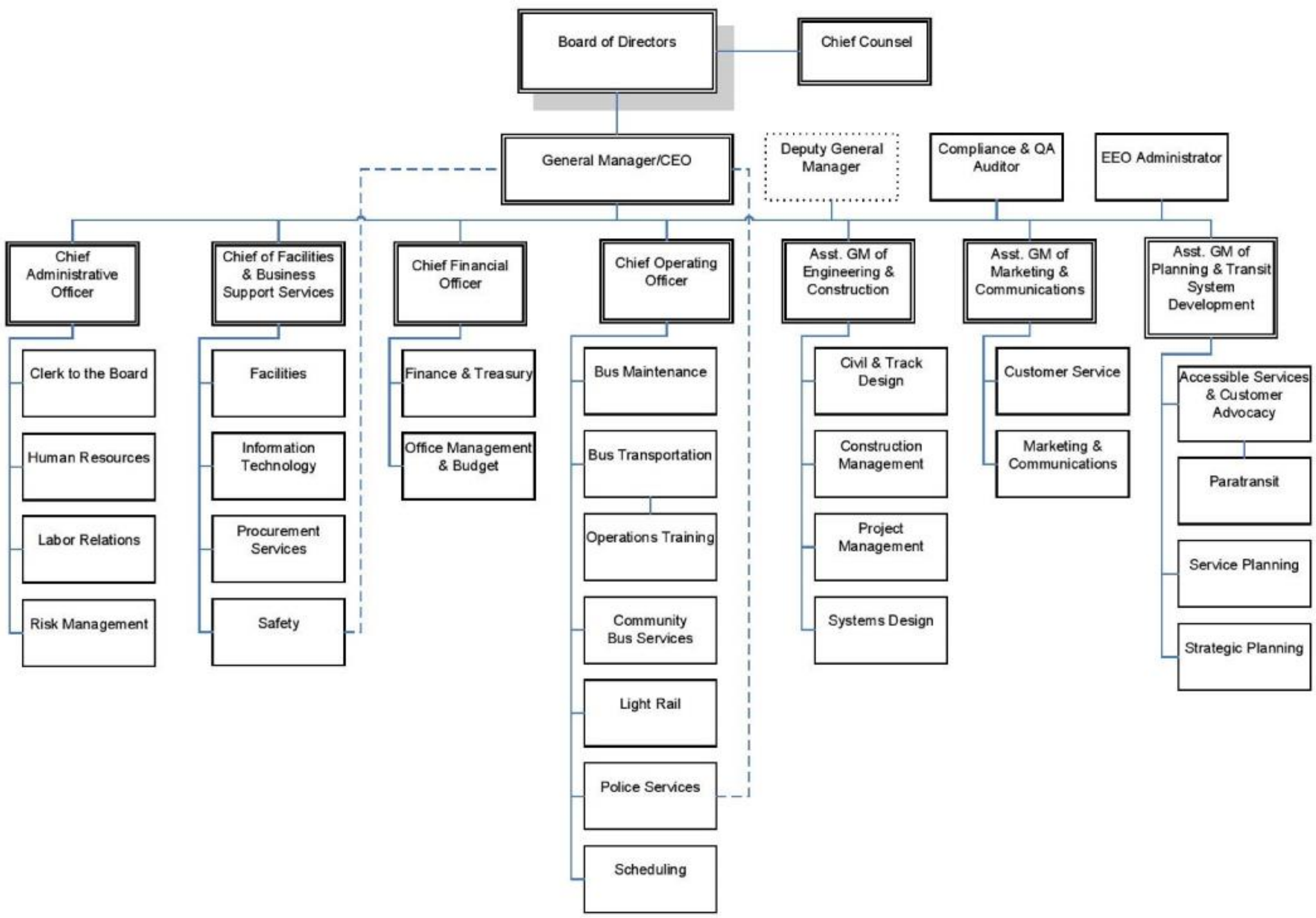
Chief Counsel

Tim Spangler

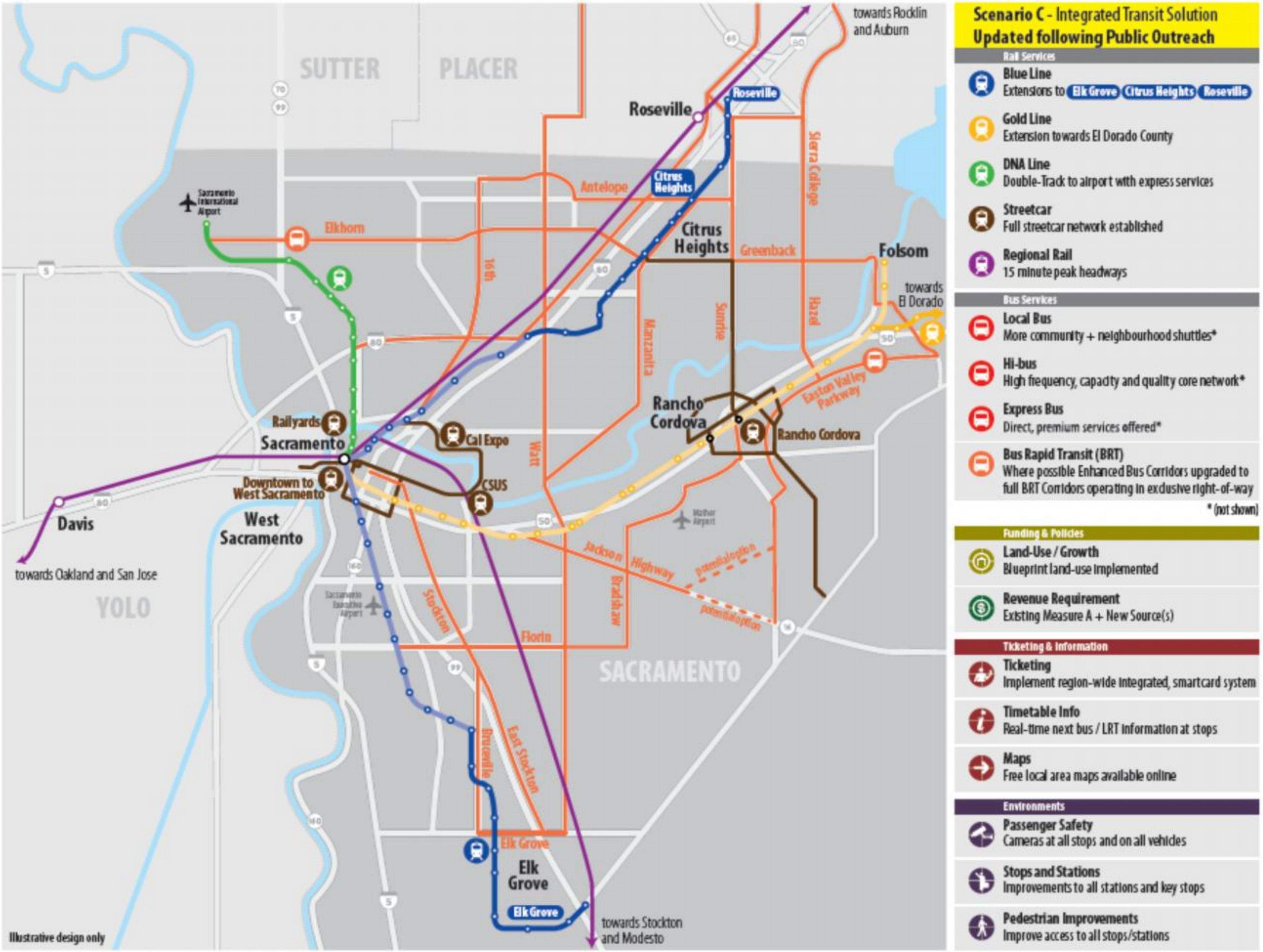
Executive Management Team

Les Tyler, Chief Financial Officer, Acting
RoseMary Covington, Assistant General Manager of Planning & Transit System Development
Mark Lonergan, Chief Operating Officer
Alane Masui, Assistant General Manager of Marketing and Communications
Michael A. Mattos, Chief of Facilities & Business Support Services Division
Diane Nakano, Assistant General Manager of Engineering and Construction
Olga Sanchez-Ochoa, Deputy Chief Counsel

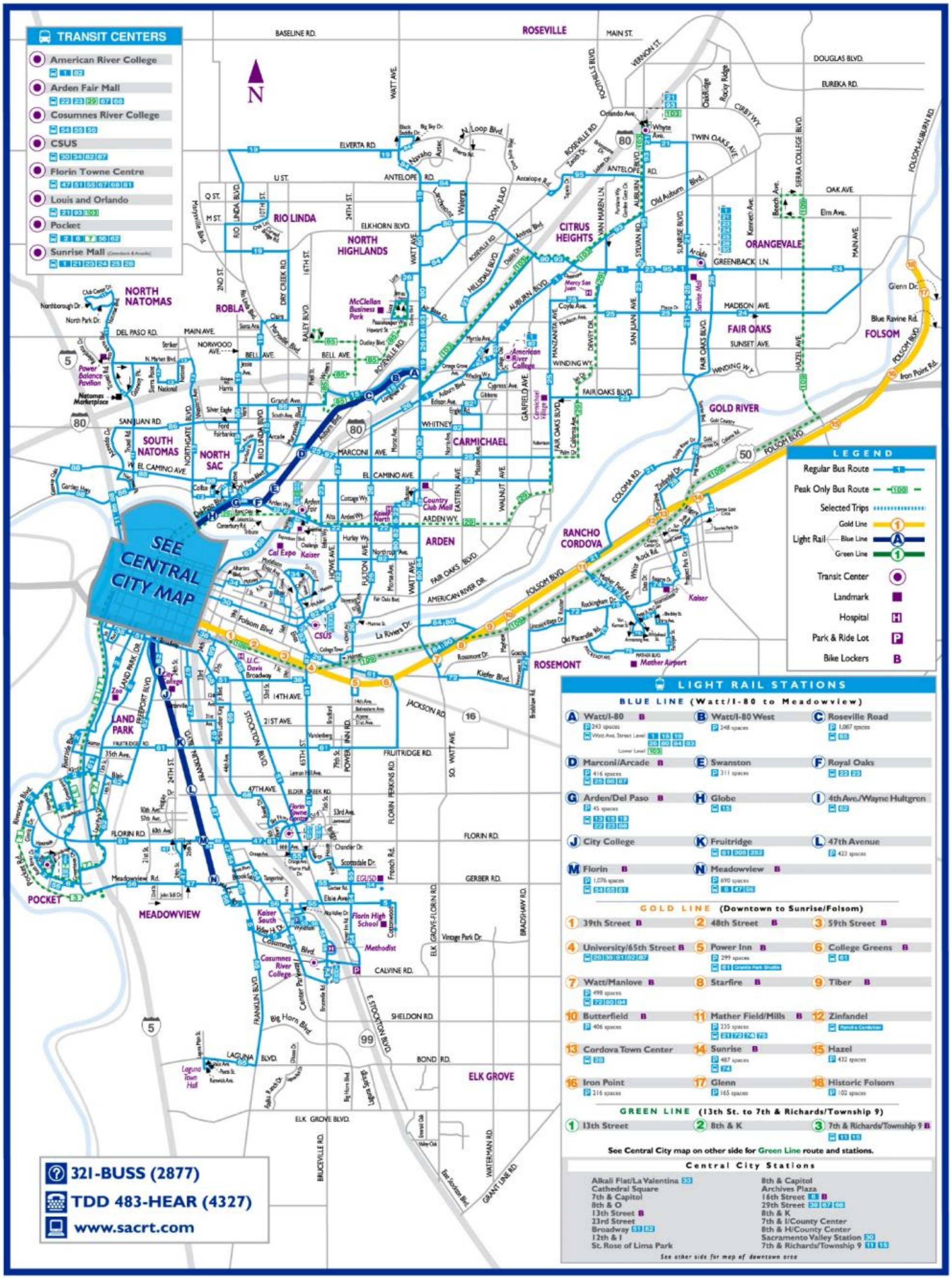
SACRAMENTO REGIONAL TRANSIT DISTRICT
ORGANIZATIONAL CHART
FISCAL YEAR ENDED JUNE 30, 2015



2035 TRANSIT MASTER PLAN EXPANSION MAP



SACRAMENTO REGIONAL TRANSIT SERVICE AREA MAP



Financial Section

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

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

Members of the Board of Directors
Sacramento Area Council of Governments
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the Sacramento Regional Transit District (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the 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 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 District'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 District'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the District as of June 30, 2015, and the respective changes in its financial position, and where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Emphasis of Matter

As discussed in Note 1, the District restated July 1, 2014 net position, liabilities, and deferred outflows of resources for the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.* The adoption resulted in increases in net pension liability of $98,775,285 and deferred outflows of resources of $16,320,190, respectively, and reduction of net position of $82,455,095 at July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

The basic financial statements of the District as of June 30, 2014, were audited by other auditors whose report dated November 7, 2014, expressed unmodified opinions on the respective financial statements of the business-type activities and the fiduciary activities. The other auditor's report included an emphasis of matter paragraph relative to a change in accounting principle for the District adopting the provisions of Government Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, and the schedule of changes in the net pension liability and related ratios, the schedule of District contributions, the pensions schedule of funding progress and the OPEB schedule of funding progress, reflected on pages 72 through 82, 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 the 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 obtain during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying introductory section, combining schedule of fiduciary net position, combining schedule of changes in fiduciary net position, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining schedule of fiduciary net position and combining schedule of changes in fiduciary net position for the year ended June 30, 2015 is the responsibility of management and was derived from and relates 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 basic financial statements and certain additional procedures, including comparing and reconciling such schedules 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 2015 combining schedule of fiduciary net position and combining schedule of changes in fiduciary net position is fairly stated, in all material respects, in relation to the 2015 basic financial statements as a whole.

(Continued)

The accompanying 2014 combining schedule of fiduciary net position and combining schedule of changes in fiduciary net position is 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.

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 2, 2015 on our consideration of the District'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 District's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 2, 2015

Management Discussion & Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the Sacramento Regional Transit District (District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities for the District for the fiscal years ended June 30, 2015 and 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the transmittal letter and financial statements which are included in this report.

Financial Highlights

- The assets of the District and deferred outflows exceeded its liabilities and deferred inflows of resources at June 30, 2015 and 2014 by $819,481,025 and $833,231,682 (net position), respectively. Of this amount, $1,750,973 and $1,210,865, respectively, is restricted for capital projects, $1,829,313 and $2,278,932, respectively, is restricted for debt service, $864,159,636 and $798,018,976, respectively, is net investment in capital assets, and $(48,258,897) and $31,722,909, respectively, is unrestricted.

- The District's total net position decreased for the year ended June 30, 2015 by 1.7 percent, or $13,750,657 compared to the year ended June 30, 2014. This decrease is due to the implementation of GASB Statement No. 68 which reduced net position by $82,455,095 offset by an increase in net position of $68,704,438 that is primarily the result of capital contributions of the District South Line Phase 2 extension project and the delivery of 30 new Gillig 40' buses.

  The District's total net position increased for the year ended June 30, 2014 by 3.3 percent, or $26,768,900 compared to the year ended June 30, 2013. These increases are primarily the result of capital contributions as the District expands its light rail system.

- The District's total liabilities and deferred inflows of resources increased by $95,691,454 for the fiscal year ended June 30, 2015 and increased by $2,570,514 during the fiscal year ended 2014. The net increase in fiscal year 2015 is attributed to the implementation of GASB Statement No. 68 which include the recording of a net pension liability and deferred pension inflows. The net increase in fiscal year 2014 is due a to borrowing funds under a loan from the State of California to temporarily replace a Federal Transit Administration grant that lapsed due to the application of the Federal Transit Act's "13(c)" provision to the Public Employee Pension Reform Act of 2012. This increase is mitigated by both a reduction in the use of the District's line of credit due to an early receipt of Section 5337 Federal preventive maintenance grant money and scheduled principal debt payments on the District's Revenue Bonds.

- During the fiscal year ended June 30, 2015, fare revenue decreased by $760,818 or 2.6 percent from the fiscal year ended June 30, 2014. This decrease is attributed to a decline in ridership. Non-operating revenue increased by 3.2 percent in fiscal year 2015 due primarily to increases in Local Transportation and Measure A Funds generated by sales tax. During the fiscal year ended June 30, 2014, fare revenue decreased by $601,759 or 2.0 percent from the fiscal year ended June 30, 2013. This decrease is mainly due to a one time revenue recorded in the prior fiscal year stemming from the Los Rios Community College Student Transit Pass Program and riders utilizing their passes more frequently. Non-operating revenue increased by 5.9 percent in fiscal year 2014 due primarily to increases in Local Transportation and Measure A Funds generated by sales tax.

- Total operating costs decreased by 1.1 percent for the fiscal year ended June 30, 2015 and increased by 7.3 percent for the fiscal years ended June 30, 2014. The decrease in fiscal year ending June 30, 2015 is primarily due to a pension expense adjustment stemming from the implementation of GASB 68. (See footnote 1 for more information on GASB 68) Operating expenses were also impacted by a reduction in the consumption of spare parts and supplies for revenue vehicles attributed to a new fleet of thirty buses. These decreases were partially mitigated by an increase in Paratransit costs. The increase in fiscal year ending June 30, 2014 is primarily due to an increase in labor costs due to contractual rate, pension and medical cost increases as well as increases in security services.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are comprised of the financial statements and the notes to the financial statements.

Basic Financial statements – The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statements of net position present information on all the District's assets, deferred outflows, liabilities and deferred inflows, with the difference between these items being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The statements of revenues, expenses and changes in net position presents information showing how the District's net position changed during the fiscal years ended June 30, 2015 and 2014. All changes in net position are reported as soon as the underlying event giving rise to the change occurs (such as the receipt of goods and services or submittal of claims for capital and operating revenue) regardless of the timing of related cash flows. In other words, the District reports expenses and revenues on an accrual basis rather than a cash basis. Since the District's primary function is to provide transportation services to the region's citizens and recover costs through user fees and charges, the financial statements include business-type activities. The District serves in a fiduciary capacity for the pension trust funds. The fiduciary fund statements are presented on an accrual basis and are included in these financial statements. The resources of the fiduciary funds are not available to support District programs.

The notes to the financial statements provide additional information that is essential to a full understanding of the financial data provided in the financial statements.

Statistical Section – In addition to the basic financial statements this report also includes a statistical section of selected financial information over a 10-year period when available.

Analysis of the Financial Statements

The financial statements provide both short-term and long-term information about the District's overall financial condition. This analysis addresses the financial statements of the District as a whole.

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by $819,481,025 and $833,231,682 at June 30, 2015 and 2014, respectively.

The vast majority of the District's total net position reflects investment in capital assets, less any related debt and unused proceeds used to acquire those assets still outstanding. These capital assets are used to provide bus and light rail services to the greater Sacramento area. Consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, resources are needed to repay this debt and must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The increase in net position is due primarily to capital contributions as the District expands its light rail system.

A portion of the District's net position represents resources that are subject to external restrictions on how they may be used. Examples include grant funds advanced to the District for specified purposes by other related governmental agencies.

Sacramento Regional Transit District Net Position

	June 30, 2015	June 30, 2014	June 30, 2013
Capital Assets	$ 935,364,599	$ 863,246,803	$ 822,604,999
Current and Other Assets	224,072,414	231,928,341	243,230,731
Total Assets	1,159,437,013	1,095,175,144	1,065,835,730
Deferred Outflows	17,678,928	-	-
Current Liabilities	78,438,068	80,530,197	88,812,432
Non-Current Liabilities	258,532,589	172,808,127	161,535,615
Total Liabilities	336,970,657	253,338,324	250,348,047
Deferred Inflows	20,664,259	8,605,138	9,024,901
Net Position			
Net Investment in Capital Assets	864,159,636	798,018,976	799,650,471
Restricted for:			
Capital Projects	1,750,973	1,210,865	2,845,191
Debt Service	1,829,313	2,278,932	2,277,700
Unrestricted	(48,258,897)	31,722,909	1,689,420
Total Net Position	$ 819,481,025	$ 833,231,682	$ 806,462,782

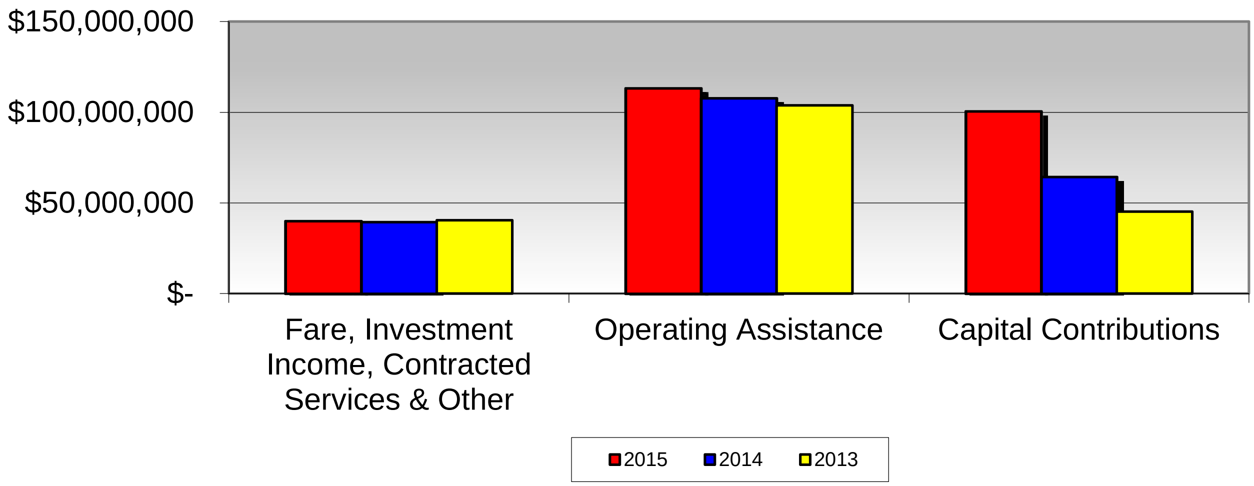
Sacramento Regional Transit District Revenues, Expenses, and Changes in Net Position

	June 30, 2015	June 30, 2014	Percent Change
Operating Revenues:			
Fares	$ 28,396,102	$ 29,156,920	(2.6%)
Non-Operating Revenues:			
Operating Assistance	113,113,971	110,937,771	2.0%
Investment Income	1,996,201	1,940,958	2.8%
Other Revenue	10,002,932	8,392,955	19.2%
Total Operating and Non-Operating Revenue:	153,509,206	150,428,604	2.0%
Operating and Non-Operating Expenses:			
Labor & Fringe Benefits	93,181,655	94,755,499	(1.7%)
Professional & Other Services	27,533,030	26,129,599	5.4%
Spare Parts & Supplies	10,549,140	11,996,476	(12.1%)
Utilities	5,815,563	5,645,787	3.0%
Casualty & Liability Costs	7,905,996	8,343,014	(5.2%)
Depreciation & Amortization	34,127,712	33,982,082	0.4%
Other	1,541,186	1,460,421	5.5%
Indirect Costs Allocated to Capital Programs	(1,204,048)	(887,369)	35.7%
Interest Expense	2,982,389	3,222,795	(7.5%)
Pass through to Subrecipients	2,933,400	3,400,657	(13.7%)
Total Operating and Non-Operating Expenses:	185,366,023	188,048,961	(1.4%)
Loss Before Capital Contributions	(31,856,817)	(37,620,357)	(15.3%)
Capital Contributions:			
State and Local	25,635,163	15,877,536	61.5%
Federal	74,926,092	48,511,721	54.4%
Increase in Net Position	68,704,438	26,768,900	156.7%
Net Position, beginning of year	833,231,682	806,462,782	3.3%
Cumulative effect of GASB Statement no. 68			
Implementation	(82,455,095)	-	0.0%
Net Position, beginning of year (restated)	750,776,587	-	0.0%
Net Position, end of year	$ 819,481,025	$ 833,231,682	(1.7%)

Sacramento Regional Transit District Revenues, Expenses, and Changes in Net Position

	June 30, 2014	June 30, 2013	Percent Change
Operating Revenues:			
Fares	$ 29,156,920	$ 29,758,679	(2.0%)
Non-Operating Revenues:			
Operating Assistance	110,937,771	103,729,418	6.9%
Investment Income	1,940,958	1,754,549	10.6%
Other Revenue	8,392,955	9,020,558	(7.0%)
Total Operating and Non-Operating Revenue	150,428,604	144,263,204	4.3%
Operating and Non-Operating Expenses:			
Labor & Fringe Benefits	94,755,499	88,064,241	7.6%
Professional & Other Services	26,129,599	24,995,853	4.5%
Spare Parts & Supplies	11,996,476	10,516,827	14.1%
Utilities	5,645,787	5,638,681	0.1%
Casualty & Liability Costs	8,343,014	7,909,686	5.5%
Depreciation & Amortization	33,982,082	31,380,082	8.3%
Other	1,460,421	1,396,466	4.6%
Indirect Costs Allocated to Capital Programs	(887,369)	(762,778)	16.3%
Interest Expense	3,222,795	2,522,462	27.8%
Pass through to Subrecipients	3,400,657	1,672,427	103.3%
Total Operating and Non-Operating Expenses:	188,048,961	173,333,947	8.5%
Loss Before Capital Contributions	(37,620,357)	(29,070,743)	29.4%
Capital Contributions:			
State and Local	15,877,536	34,389,274	(53.8%)
Federal	48,511,721	9,331,167	419.9%
Increase in Net Position Before Special Item	26,768,900	14,649,698	82.7%
Special Item: Gain on Extinguishment of Debt	-	154,904	N/A
Increase in Net Position After Special Item	26,768,900	14,804,602	80.8%
Net Position, beginning of year	806,462,782	791,658,180	1.9%
Net Position, end of year	$ 833,231,682	$ 806,462,782	3.3%

REVENUES BY SOURCE



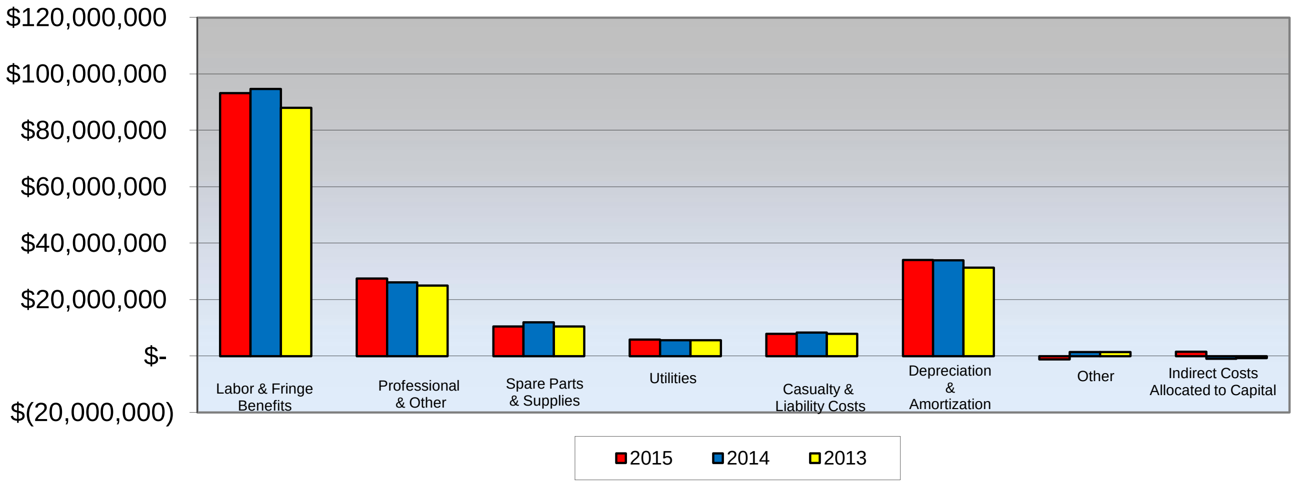
Revenue

Fares, investment income, contracted services, and other revenue increased by a combined $904,402 for the fiscal year ended June 30, 2015 or 2.3 percent and decreased by a combined $1,042,953 or 2.6 percent for the fiscal year ended June 30, 2014. The revenue increase for fiscal year ended June 30, 2015 is primarily due to the retroactive reinstatement of the Federal Excise Tax Refunds for Compressed Natural Gas (CNG), insurance recoveries and the sale of Low Carbon Fuel Standard (LCFS) credits. The revenue decrease for fiscal year ended June 30, 2014 is primarily due to the decrease in Federal Excise Tax Refunds, as a result of the expiration of the tax credit, and fare revenue.

Operating assistance increased by $2,176,200 or 2.0 percent and $7,208,353 or 7.0 percent for the fiscal years ended June 30, 2015 and June 30, 2014, respectively. The increase in fiscal year 2015 is the result of increased Measure A and Local Transportation Funds generated from sales tax. The increase in fiscal year 2014 is the result of increased Measure A and Local Transportation Funds generated from sales tax.

The majority of construction and acquisition activities are funded with capital contributions from other governmental units such as federal, state, and local agencies. Capital contributions increased by 56.2 percent and 42.6 percent during the fiscal year ended June 30, 2015 and 2014, respectively. The increase for the fiscal year ended June 30, 2015 is the result of the acquisition of 30 40-foot Gillig buses and the South Line Phase 2 light rail extension. The increase for fiscal year ended June 30, 2014 is primarily the result of the South Line Phase 2 light rail extension.

OPERATING EXPENSES



Expenses

- Total operating costs decreased by 1.1 percent for the fiscal year ended June 30, 2015 and increased by 7.3 percent for the fiscal years ended June 30, 2014. The decrease in fiscal year ending June 30, 2015 is primarily due to a pension expense adjustment stemming from the implementation of GASB 68. (See footnote 1 for more information on GASB 68) Operating expenses were also impacted by a reduction in the consumption of spare parts and supplies for revenue vehicles attributed to a new fleet of thirty buses. These decreases were partially mitigated by an increase in Paratransit costs. The increase in fiscal year ending June 30, 2014 is primarily due to an increase in labor costs due to contractual rate, pension and medical cost increases as well as increases in security services.

Analysis of the District's Financial Position

The District's net position provides information on near term inflows, outflows, and balances of spendable resources. The District is reporting unrestricted net position as of June 30, 2014 of $(47,209,636), a decrease of $78,932,545, or 248.8 percent, in comparison with June 30, 2014, which reported unrestricted net position of $31,722,909, an increase of $30,033,489, or 1,777.7 percent from June 30, 2013. The decrease in unrestricted net position in fiscal year 2015 was due to the implementation of GASB Statement No. 68 which was partially offset by capital contributions. The increase in unrestricted net position in fiscal year 2014 was due to capital contributions which were partially mitigated by an operating loss.

Capital Asset and Debt Activity

As of June 30, 2014, the District's investment in various capital assets, such as bus and light rail vehicles, facilities, land, buildings and equipment increased to $935,364,599 from $863,246,803 representing a 8.4 percent increase. As of June 30, 2014, the District's investment in various capital assets increased to $863,246,803 from $822,604,999 representing a 4.9 percent increase. Over the past two fiscal years, the most significant addition to the District's capital costs is related to construction in process on the South Line Phase 2 light rail extension project. Additionally. the District received 30 new 40-foot Gillig buses in the fiscal year ended June 30, 2015. Additional information on the capital assets can be found in Footnote 4 to the financial statements.

The District's Farebox Revenue Bonds decreased by $3,078,851 for the fiscal year ended June 30, 2015 or 3.4% and $2,993,851 or 3.2% for the fiscal year ended June 30, 2014. This debt represents $86,865,000 of Farebox Revenue Bonds, Series 2012, issued in the fiscal year 2013 to primarily fund construction on the South Line Phase 2 light rail extension. The District recorded a liability and a corresponding asset of $36,861,364 and $35,062,503 as of June 30, 2015 and 2014, respectively, resulting from its participation in three Lease/Leaseback transactions. Additional information on debt activity can be found in Footnote 5 and 6 to the financial statements.

Current Economic Factors and Conditions

The District has plans for future expansion and improvement of light rail and bus services. As of June 30, 2015, the District has construction contracts and property acquisition commitments of approximately $80,445,053.

Request for Information

Please address all questions or requests for additional information to the Finance and Treasury Department, Attention: Chief Financial Officer, Sacramento Regional Transit District, 1400 29th Street, PO Box 2110, Sacramento CA 95812-2110.

Financial Statements

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENTS OF NET POSITION – BUSINESS TYPE ACTIVITIES
ENTERPRISE FUND
JUNE 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 7,410,930	$ 10,630,220
Restricted Cash and Cash Equivalents	20,553,413	24,418,233
Investments	90,082	458,064
Receivables:		
State and Local Government	7,504,824	5,916,734
Federal Government	49,601,904	48,908,510
Other	4,680,453	5,095,276
Spare Parts and Supplies Inventory	16,399,889	16,787,900
Other Current Assets	143,672	90,100
Total Current Assets	106,385,167	112,305,037
Non-Current Assets:		
Restricted Cash and Cash Equivalents	77,758,342	81,835,596
Investments	3,017,541	2,625,205
Deposits for Lease/Leaseback Payable	36,861,364	35,062,503
Prepaid Lease	50,000	100,000
Non-Depreciated Capital Assets	339,159,830	254,678,299
Depreciated Capital Assets, Net	596,204,769	608,568,504
Total Non-Current Assets	1,053,051,846	982,870,107
Total Assets	1,159,437,013	1,095,175,144
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Contributions	17,678,928	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,177,115,941	$ 1,095,175,144

See accompanying notes to the financial statements.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENTS OF NET POSITION – BUSINESS TYPE ACTIVITIES - continued
ENTERPRISE FUND
JUNE 30, 2015 and 2014

	2015	2014
LIABILITIES		
Current Liabilities:		
Line of Credit	$ 18,100,000	$ 13,300,000
Accounts Payable	18,538,660	24,844,308
Other Accrued Liabilities	4,201,200	3,960,077
Compensated Absences	7,256,719	6,747,597
Interest Payable	1,411,147	1,407,774
Unearned Revenue	509,642	638,823
Advances from Other Governments	18,739,562	21,339,382
Claims Payable	4,036,062	4,405,679
Loan Payable	-	-
Revenue Bonds	1,813,851	3,078,851
Retention Payable	3,831,225	807,706
Total Current Liabilities	78,438,068	80,530,197
Long-Term Liabilities:		
Compensated Absences	2,666,870	2,689,133
Advances from Other Governments	19,341,204	17,722,473
Claims Payable	15,012,951	14,418,162
Revenue Bonds	87,113,931	88,927,782
Loan Payable	13,988,074	13,988,074
Lease/Leaseback Payable	36,861,364	35,062,503
Net Pension Liability	83,548,195	-
Total Long-Term Liabilities	258,532,589	172,808,127
DEFERRED INFLOW OF RESOURCES		
Deferred Gain on Lease/Leaseback	8,185,375	8,605,138
Deferred Pension - Investment Earnings	12,478,884	-
Total Deferred Inflow of Resources	20,664,259	8,605,138
NET POSITION		
Net Investment in Capital Assets	864,159,636	798,018,976
Restricted for:		
Capital Projects	1,750,973	1,210,865
Debt Service	1,829,313	2,278,932
Unrestricted (Restated)	(48,258,897)	31,722,909
Total Net Position	819,481,025	833,231,682
TOTAL LIABILITIES, DEFERRED INFLOW of RESOURCES, AND NET POSITION	$ 1,177,115,941	$ 1,095,175,144

See accompanying notes to the financial statements.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –-BUSINESS TYPE ACTIVITIES ENTERPRISE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Fares	$ 28,396,102	$ 29,156,920
OPERATING EXPENSES		
Labor and Fringe Benefits	93,181,655	94,755,499
Professional and Other Services	27,533,030	26,129,599
Spare Parts and Supplies	10,549,140	11,996,476
Utilities	5,815,563	5,645,787
Casualty and Liability Costs	7,905,996	8,343,014
Depreciation and Amortization	34,127,712	33,982,082
Indirect Costs Allocated to Capital Programs	(1,204,048)	(887,369)
Other	1,541,186	1,460,421
Total Operating Expenses	179,450,234	181,425,509
Operating Loss	(151,054,132)	(152,268,589)
NON-OPERATING REVENUES (EXPENSES)		
Operating Assistance:		
State and Local	80,350,321	78,317,696
Federal	32,763,650	32,620,075
Investment Income	1,996,201	1,940,958
Interest Expense	(2,982,389)	(3,222,795)
Pass-Through to Subrecipients	(2,933,400)	(3,400,657)
Contract Services	5,809,754	5,529,534
Other	4,193,178	2,863,421
Total Non-Operating Revenues	119,197,315	114,648,232
Loss Before Capital Contributions	(31,856,817)	(40,642,244)
Capital Contributions:		
State and Local	25,635,163	15,877,536
Federal	74,926,092	48,511,721
Increase in Net Position	68,704,438	26,768,900
Net Position, beginning of year	833,231,682	806,462,782
Cumulative effect of GASB Statement no. 68 Implementation	(82,455,095)	-
Net Position, beginning of year (restated)	750,776,587	-
Net Position, end of year	$ 819,481,025	$ 833,231,682

See accompanying notes to the financial statements.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENTS OF CASH FLOWS – BUSINESS TYPE ACTIVITIES
ENTERPRISE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	$ 28,678,092	$ 29,275,510
Cash Received from Contract Sources	5,809,754	5,529,534
Cash Paid to Suppliers	(51,080,982)	(64,099,128)
Cash Paid to Employees	(95,356,569)	(93,430,567)
Cash Received from Other Sources	4,193,178	2,845,873
Net Cash (Used in) Operating Activities	(107,756,527)	(119,878,778)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State and Local Receipts	80,227,778	75,024,703
Federal Receipts	22,650,504	42,449,241
Pass-Through to Subrecipients	(2,933,400)	(3,400,657)
Advances on the Line of Credit	64,642,478	54,400,000
Payments on the Line of Credit	(59,842,478)	(62,900,000)
Net Cash Provided by Noncapital Financing Activities	104,744,882	105,573,287
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(108,805,824)	(57,489,033)
Principal Payments on Certificates of Participation	-	-
Principal Payments on Revenue Bonds	(2,795,000)	(2,710,000)
Issuance Costs Incurred on Revenue Bonds	-	-
Interest Paid	(4,309,903)	(4,826,713)
Proceeds from Loan Payable	-	13,988,074
Payments on Loan Payable	-	(8,642,509)
Proceeds from Revenue Bonds	-	-
Proceeds from Sale of Capital Assets	406	17,548
State and Local Capital Grants	23,188,527	34,502,007
Federal Capital Grants	84,345,844	21,302,666
Net Cash Provided by (Used in) Capital and Related Financing Activities	(8,375,950)	(3,857,960)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	901,128	1,865,352
Purchases of Investments	(928,845)	(583,809)
Investment Income	253,948	249,705
Net Cash Provided by Investing Activities	226,231	1,531,248
Net Increase (Decrease) in Cash and Cash Equivalents	(11,161,364)	(16,632,203)
Cash and Cash Equivalents, July 1	116,884,049	133,516,252
Cash and Cash Equivalents, June 30	$ 105,722,685	$ 116,884,049
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and Cash Equivalents	$ 7,410,930	$ 10,630,220
Restricted Cash and Cash Equivalents, Current	$ 20,553,413	$ 24,418,233
Restricted Cash and Cash Equivalents, Non-Current	77,758,342	81,835,596
Total Cash and Cash Equivalents	$ 105,722,685	$ 116,884,049

See accompanying notes to the financial statements.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENTS OF CASH FLOWS – BUSINESS TYPE ACTIVITIES
ENTERPRISE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 and 2014

	2015	2014
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	$ (151,054,132)	$ (152,268,589)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used in Operating Activities:		
Depreciation	34,597,475	34,401,844
Amortization	(469,763)	(419,762)
Contract Services Nonoperating Income	5,809,754	5,529,534
Miscellaneous Nonoperating Income	4,193,178	2,845,873
Effect of Changes in:		
Other Receivables	411,171	283,122
Spare Parts and Supplies Inventory	388,011	(90,564)
Other Current Assets	(53,572)	(30,499)
Prepaid Lease	50,000	50,000
Accounts Payable and Accrued Liabilities	1,895,445	(10,666,504)
Compensated Absences and Other	486,859	266,764
Unearned Revenue	(129,181)	(164,532)
Reserve for Claims	225,172	384,535
Net Pension Liability and Related Deferred Inflows and Outflows	(4,106,944)	-
Net Cash (Used in) Operating Activities	$ (107,756,527)	$ (119,878,778)
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Interest Income from Investments Held to Pay Lease/Leaseback	$ 1,798,861	$ 1,711,066
Interest Expense on Capital Lease/Leaseback	(1,798,861)	(1,711,066)
Capitalized Assets Included in Accounts Payable and Retention Payable	13,432,975	18,369,426

See accompanying notes the financial statements.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENTS OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Assets:		
Cash and Cash Equivalents	$ 4,097,507	$ 13,693,518
Receivables:		
Securities Sold	645,082	1,975,127
Interest and Dividends	235,105	407,486
Other Receivables and Prepaids	224,081	129,204
Total Receivables	1,104,268	2,511,817
Investments:		
Equity Securities	160,171,042	146,098,774
Fixed Income Securities	93,547,240	93,940,952
Total Investments	253,718,282	240,039,726
Total Assets	258,920,057	256,245,061
LIABILITIES		
Liabilities:		
Securities Purchased Payable	11,730,813	14,268,440
Accounts Payable	486,890	654,000
Total Liabilities	12,217,703	14,922,440
NET POSITION RESTRICTED FOR PENSION BENEFITS	$ 246,702,354	$ 241,322,621

See accompanying notes to the financial statements.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
ADDITIONS		
Contributions:		
Employer	$ 17,678,928	$ 16,320,190
Member	3,943	24,103
Total Contributions	17,682,871	16,344,293
Investment Income:		
Net Increase in Fair Value of Investments	4,670,961	29,601,544
Interest, Dividends, and Other Income	3,133,328	3,359,164
Investment Expenses	(1,062,647)	(1,031,245)
Net Investment Income	6,741,642	31,929,463
Total Additions	24,424,513	48,273,756
DEDUCTIONS		
Benefits Paid to Participants	18,660,129	18,541,577
Administrative Expenses	384,651	406,732
Total Deductions	19,044,780	18,948,309
Increase in Net Position	5,379,733	29,325,447
Net Position, Restricted for Pension Benefits - July 1	241,322,621	211,997,174
Net Position, Restricted for Pension Benefits - June 30	$ 246,702,354	$ 241,322,621

See accompanying notes to the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

THE REPORTING ENTITY

The Sacramento Regional Transit District (District) was established in 1973 pursuant to the Sacramento Regional Transit District Act. The District has the responsibility to develop, maintain, and operate a public mass transit transportation system for the benefit of the residents of the Sacramento area. The District is governed by a Board of Directors appointed by the Sacramento City Council, the Sacramento County Board of Supervisors, the Elk Grove City Council, the Citrus Heights City Council, the Rancho Cordova City Council, and the Folsom City Council.

As required by Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity" and its amendment GASB No. 61, the District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity has a significant operational and financial relationship with the District.

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

BASIS OF PRESENTATION

The accounts of the District are organized and operated on the basis of funds, each of which is considered an independent fiscal and accounting entity. The activities of each fund are accounted for with a separate set of self-balancing statements that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses, as appropriate. These statements distinguish between the business-type and fiduciary activities of the District. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's statements are organized into the following fund types:

Proprietary Fund Type

The ***Enterprise Fund*** distinguishes operating revenues and expenses from non-operating items. The District's operating revenues are generated directly from its transit operations and consist principally of passenger fares. Operating expenses for the transit operations include all costs related to providing transit services. These costs include labor, fringe benefits, materials, supplies, services, utilities, leases, rentals, and depreciation on capital assets. All other revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. Unrestricted net position for the enterprise fund represents the net position available for future operations.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Type

The ***Pension Trust Funds*** are used to account for assets held by the District in a trustee capacity. The District maintains the following Pension Trust Funds:

The Amalgamated Transit Union (ATU) Local 256 and International Brotherhood of Electrical Workers (IBEW) Local 1245 Member Retirement Plan Fund (ATU/IBEW) accounts for the retirement funds of members of ATU Local 256 and IBEW Local 1245.

The Salaried Employees Retirement Plan Fund (Salaried) accounts for the retirement funds of the District's salaried employees.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund and the pension trust funds are accounted for on a flow of economic resources measurement focus. This measurement focus emphasizes the determination of increased/decreased net position. The accrual basis of accounting is used for the enterprise fund and the pension trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. District contributions to the pension trust funds are recognized in the period in which contributions are due, while benefits and refunds are recognized when due and payable in accordance with the pension trust funds plan agreements.

BUDGETARY INFORMATION

State law requires the adoption of an annual budget for the enterprise fund, which must be approved by the Board of Directors. The Budget is prepared on an accrual basis. Budgetary control is maintained at several levels. The legal level of control is at the fund level. The Board of Directors authorizes budget amendments to the fund level. Line item reclassification amendments to the budget must be authorized by the responsible manager. Operating expenses are monitored by department managers who are assigned responsibility for controlling their budgets. Emphasis is placed on the total budget for the division. Capital expenses operate under the control of a project-to-date budget.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

INVESTMENTS

All investments are reported at fair value measured by quoted market prices.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

RESTRICTED ASSETS

Restricted Assets consists of monies and other resources, the use of which is legally restricted for capital projects and debt service.

RECEIVABLES

Receivables are reported at present value less the estimated portion that is estimated to be uncollectible. As of June 30, 2015 and 2014, management has estimated that no allowance for uncollectible accounts is needed.

INVENTORIES

Inventories are stated at average cost and charged to expense at the time individual items are withdrawn from inventory (consumption method). Inventory consists primarily of parts and supplies relating to transportation vehicles and facilities.

CAPITAL ASSETS

Capital assets are stated at historical cost. The cost of normal maintenance and repairs is charged to operations as incurred. Infrastructure, which includes light rail vehicle tracks, has been capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related properties. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Buildings and improvements	30 to 50 years
Buses and maintenance vehicles	4 to 12 years
Light-rail structures and light-rail vehicles	25 to 45 years
Other operating equipment	5 to 15 years

No depreciation is provided on construction in progress until construction is completed and the asset is placed in service.

Interest is capitalized on construction in progress. Accordingly, interest capitalized is the total interest cost from the date of the borrowing until the specified asset is placed in service.

It is the District's policy to capitalize all capital assets with an individual cost of more than $5,000 and a useful life in excess of one year.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES

The District's policy allows employees to accumulate earned unused vacation and sick leave which can be paid to employees upon separation from the District, subject to a vesting policy. These compensated absences are reported and accrued as a liability in the period incurred.

The current portion of the compensated absences is estimated by applying a percentage to the end of the year compensated absences liability. The percentage is calculated by dividing the vacation and sick leave that was liquidated (used/cashed out) during the year by the beginning vacation and sick leave balance.

FEDERAL, STATE, AND LOCAL GRANT FUNDS

Grants are accounted for in accordance with the purpose for which the funds are intended. Approved grants for the acquisition of land, buildings, and equipment are recorded as capital contributions as the related grant conditions are met. Approved grants for operating assistance are recorded as revenues in the year in which the related grant conditions are met.

Advances received on grants are recorded as a liability until related grant conditions are met. The Transportation Development Act (TDA) provides that any funds not earned and not used may be required to be returned to their source.

When both restricted and unrestricted resources are available for the same purpose the District uses restricted resources first.

SELF-INSURANCE AND CLAIMS PAYABLE

The District is self-insured up to specified limits for workers' compensation claims, general liability claims, and major property damage. The District accrues the estimated costs of the self-insured portion of claims in the period in which the amount of the estimated loss is determinable.

PENSION

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the ATU/IBEW and Salaried Pension Plans (Plans) and additions to/deletions from the Plans fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds to employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

NEW PRONOUNCEMENTS

In 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.* These Statements require the District to record the excess of the total pension liability over the fiduciary net position of the pension plan as a net pension liability on the Statement of Net Position. The change in accounting for pensions, as discussed in Note 9, resulted in the restatement at July 1, 2014:

	Beginning Balance	As Restated	GASB 68 Adjustment
Statement of Net Position:			
Net pension liability	$ -	$ 98,775,285	$ 98,775,285
Deferred outflows	-	16,320,190	16,320,190
Statements of Revenues, Expenses and Changes in Net Position:			
Net position	833,231,682	750,776,587	82,455,095

In February 2015, the GASB issued Statement 72, *Fair Value Measurement and Application*. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements and provide guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for the District's fiscal year ended June 30, 2016. The District management has not determined what impact, if any, this statement will have on its financial statements.

In June 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* This Statement establishes requirements for those pensions and pension plans that are not administered through a trust not covered by Statements 67 and 68. This Statement is effective for the District's fiscal year ended June 30, 2016. The District management has not determined what impact, if any, this statement will have on its financial statements.

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* Statement 74 addresses the financial reports of defined benefit other post-employment benefit ("OPEB") plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and Required Supplementary Information (RSI) related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. This Statement is effective for the District's fiscal year ended June 30, 2017. The District management has not determined what impact, if any, this statement will have on its financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and RSI about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. This Statement is effective for the District's fiscal year ended June 30, 2018. The District management has not determined what impact, if any, this statement will have on its financial statements.

In August 2015, the GASB issued Statement 77, *Tax Abatement Disclosures*. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement is effective for the District's fiscal year ended June 30, 2017. The District management has not determined what impact, if any, this statement will have on its financial statements.

RECLASSIFICATIONS

Certain amounts in the FY2014 financial statements have been reclassified to conform to the FY2015 presentation. The reclassifications did not impact the total net position or the results of operations of the District.

2. CASH AND INVESTMENTS

As of June 30, 2015, and 2014, the cash and investments among all funds consisted of the following:

	2015	2014
Cash on hand	$ 171,572	$ 147,359
Cash and cash equivalents	109,648,621	130,430,208
Investments	256,825,904	243,122,995
Total Cash and Investments	$ 366,646,097	$ 373,700,562

The total cash and investments as of June 30, 2015, are reported in the accompanying basic financial statements as follows:

	Enterprise Fund	Fiduciary Funds	Total
Unrestricted:			
Cash and cash equivalents	$ 7,410,930	$ -	$ 7,410,930
Investments	3,107,623	-	3,107,623
Total unrestricted	10,518,553	-	10,518,553
Restricted:			
Cash and cash equivalents	98,311,755	4,097,508	102,409,263
Investments	-	253,718,281	253,718,281
Total restricted	98,311,755	257,815,789	356,127,544
Total cash and investments	$ 108,830,308	$ 257,815,789	$ 366,646,097

The total cash and investments as of June 30, 2014, are reported in the accompanying basic financial statements as follows:

	Enterprise Fund	Fiduciary Funds	Total
Unrestricted:			
Cash and cash equivalents	$ 10,630,220	$ -	$ 10,630,220
Investments	3,083,269	-	3,083,269
Total unrestricted	13,713,489	-	13,713,489
Restricted:			
Cash and cash equivalents	106,253,829	13,693,518	119,947,347
Investments	-	240,039,726	240,039,726
Total restricted	106,253,829	253,733,244	359,987,073
Total cash and investments	$ 119,967,318	$ 253,733,244	$ 373,700,562

2. CASH AND INVESTMENTS (Continued)

INVESTMENTS

The District pursues a program of safety, liquidity, and yield in its cash management and investment program in order to achieve maximum return on the Enterprise Fund's available funds. The Enterprise Fund's investment policy (pertaining to investment of surplus funds) is governed by an annual Board adopted policy, which is in compliance with the provisions of Articles 1 and 2 of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code.

The following table identifies the investment types that are authorized by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Rating	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	N/A	None	None
U.S. Treasury Obligations	5 years	N/A	None	None
U.S. Agency Securities	5 years	N/A	None	None
Bankers' Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 days	A1/P1	25%	10%
Negotiable Certificates of Deposit	5 years	N/A	30%	None
Reverse Repurchase Agreements	92 days	N/A	20% of base value	None
Medium-Term Notes	5 years	A	30%	None
Mutual Funds Investing in Eligible Securities	N/A	AAA	20%	10%
Mortgage Pass-Through Securities	5 years	AA	20%	None
Local Agency Investment Fund	N/A	N/A	None	None
JPA Pools (other investment pools)	N/A	N/A	None	None

2. CASH AND INVESTMENTS (Continued)

A Retirement Board adopted policy, the "Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Pension Plans," governs the Pension Trust Funds' investments. This Policy focuses on the continued feasibility of achieving, and the appropriateness of, the Asset Allocation Policy, the Investment Objectives, the Investment Policies and Guidelines, and the Investment Restrictions.

The following table identifies the investment types that are authorized by the Retirement Board. The table also identifies certain provisions of the Investment Objectives and Policy that address interest risk, credit risk and concentration of credit risk.

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.

2. CASH AND INVESTMENTS (Continued)

INVESTMENT RISK FACTORS

There are many factors that can affect the value of investments such as: interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk. These types of risks may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates.

INTEREST RATE RISK

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

The following table provides information about the interest rate risks associated with investments as of June 30, 2015.

	Maturities in Years				
	Less than 1	1 – 5	6 – 10	More than 10	Fair Value
Enterprise Fund					
Corporate Bonds	$ -	$ 720,819	$ -	$ -	$ 720,819
Asset-Backed Securities	-	241,743	-	-	241,743
Local Agency Investment Fund	66,841,918	-	-	-	66,841,918
CalTRUST	14,451,456	-	-	-	14,451,456
U.S. Government Agency Obligations	90,082	1,376,669	-	-	1,466,751
U.S. Government Issued Obligations	-	678,310	-	-	678,310
Total Enterprise Fund	$ 81,383,456	$ 3,017,541	$ -	$ -	$ 84,400,997
Fiduciary Funds					
ATU/IBEW and Salaried:					
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 Fiduciary Funds	$ 9,484,845	$ 19,392,484	$ 18,147,199	$ 46,522,712	$ 93,547,240

2. CASH AND INVESTMENTS (Continued)

The following table provides information about the interest rate risks associated with the District's investments as of June 30, 2014.

	Maturities in Years				
	Less than 1	1 – 5	6 – 10	More than 10	Fair Value
Enterprise Fund					
Corporate Bonds	$ 372,672	$ 467,558	$ -	$ -	$ 840,230
Asset-Backed Securities	-	285,936	-	-	285,936
Local Agency Investment Fund	84,057,072	-	-	-	84,057,072
CalTRUST	18,524,048	-	-	-	18,524,048
U.S. Government Agency Obligations	85,392	1,305,491	-	-	1,390,883
U.S. Government Issued Obligations	-	566,220	-	-	566,220
Total Enterprise Fund	$ 103,039,184	$ 2,625,205	$ -	$ -	$ 105,664,389
Fiduciary Funds					
ATU/IBEW and Salaried:					
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 Fiduciary Funds	$ 8,119,710	$ 21,235,148	$ 19,571,525	$ 45,014,569	$ 93,940,952

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.

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.

2. CASH AND INVESTMENTS (Continued)

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 District or the Pension Trust Funds must then replace the called bond with a bond that may have a lower yield than the original bond. The call feature causes the fair value to be highly sensitive to changes in interest rates. As of June 30, 2015, the District held callable bonds with a fair value of $80,392. The ATU/IBEW and Salaried Pension Trust Funds held callable bonds with a fair value of $4,008,874.

As of June 30, 2014, the District held callable bonds with a fair value of $95,325. The ATU/IBEW and Salaried Pension Trust Funds held callable bonds with a fair value of $3,450,766.

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 rate. As of June 30, 2015 and 2014, the District did not hold any of these securities. As of June 30, 2015, the ATU/IBEW and Salaried Pension Trust Funds held range notes with a fair value of $422,100. As of June 30, 2014, the ATU/IBEW and Salaried Pension Trust Funds held range notes with a fair value of $446,243.

CREDIT RISK

Fixed income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments.

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

2. CASH AND INVESTMENTS (Continued)

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 Pension Trust Funds are in adherence with the credit risk provisions of the Statement of Investment Objectives and Policy Guidelines.

The following tables provide information on the credit ratings and fair value associated with cash and investments as of June 30, 2015:

	Enterprise Fund	
Moody's Ratings	Fair Value	Percentage of Portfolio
Not applicable	$ 5,690,893	5.23%
Not rated	81,401,117	74.80%
Aaa/Aaa-mf/P1	21,017,479	19.31%
Aa1	89,294	0.08%
Aa3	10,010	0.01%
A1	421,023	0.39%
A2	200,492	0.18%
	$ 108,830,308	100.00%

	Fiduciary Funds	
	ATU/IBEW and Salaried	
Moody's Ratings	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%
Total	$ 257,815,789	100.00%

2. CASH AND INVESTMENTS (Continued)

The following tables provide information on the credit ratings and fair value associated with investments as of June 30, 2014:

Enterprise Fund

Moody's Ratings	Fair Value	Percentage of Portfolio
Not applicable	$ 5,387,682	4.49%
Not rated	102,701,255	85.61%
Aaa/Aaa-mf/P1	11,038,151	9.20%
Aa1	88,627	0.07%
Aa2	61,057	0.05%
A1	481,053	0.40%
A2	148,430	0.12%
A3	61,063	0.05%
	$ 119,967,318	100.00%

Fiduciary Funds

Moody's Ratings	ATU/IBEW and Salaried Fair Value	Percentage of Portfolio
Not applicable	$ 159,792,292	62.98%
Not rated	57,905,098	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	0.32%
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	$ 253,733,244	100.00%

2. CASH AND INVESTMENTS (Continued)

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. During fiscal years 2015 and 2014, the District had the following investments that comprised more than 5% of total investments in a single issuer aside from the Local Agency Investment Fund (LAIF) and CalTRUST:

	2015	2014
Federal National Mortgage Association	$ 426,765	$ 405,861
Federal Home Loan Mortgage Corporation	440,929	364,298
Federal Home Loan Bank	408,084	348,940
Federal Farm Credit Bank	-	216,340

The investment policy of the Pension Trust Funds states that an investment in domestic or international equity fund managers' securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or of the company's total outstanding shares. None of the Pension Trusts Funds' domestic or international equity fund managers' investments in a single company represents greater than 5% of the value of the portfolios and/or of the company's total outstanding shares. As of June 30, 2015 and 2014, the Plans held more than 5% of the Plans' investments in the following fixed-income securities investments:

	2015	2014
Federal National Mortgage 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

2. 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.

As of June 30, 2015 and 2014, $4,550,834 and $2,579,415 respectively, of the District's deposits were in excess of federal depository insurance (FDIC) limits and were held in collateralized accounts with securities collateralized in the financial institutions' name.

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

As of June 30, 2015 and 2014, the District had no investment securities exposed to custodial credit risk. The Pension Trust Funds' investment securities are not exposed to custodial credit risk because all securities are held by the Pension Trust Funds' custodian bank.

INVESTMENT IN STATE INVESTMENT POOL AND CALTRUST

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Local Investment Advisory Board (LIAB). The LIAB consists of five members as designated by State statute. The fair market value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The District did not directly enter into any derivative investments. The District's total investment in the LAIF at June 30, 2015 and 2014 was $66,841,918 and $84,057,072, respectively. The total fair value amount invested by all public agencies in LAIF at June 30, 2015 and 2014 was $21,495,234,784 and $21,119,834,294, respectively. The LAIF is part of the Pooled Money Investment Account (PMIA) whose balances as of June 30, 2015 and June 30, 2014 were $69,606,487,716 and $64,846,169,129, respectively. Included in PMIA's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities at June 30, 2015 and 2014, totaling $1,447,948,000 and $1,205,901,000, approximately 2.00%

2. CASH AND INVESTMENTS (Continued)

and 1.86% of the total portfolio, and structured notes totaling $0 and $0, approximately 0.00% and 0.00% of the total portfolio, respectively.

The District is also a voluntary participant in the Investment Trust of California (CalTRUST) which is a Joint Powers Authority governed by a Board of Trustees made up of local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST, and selects and supervises the activities of the Investment Manager and other agents. As of June 30, 2015 and 2014, the District investments in CalTRUST was $14,451,456 and $18,524,048, respectively, all of which is invested in the Short Term fund.

FOREIGN CURRENCY RISK

The current District investment policy does not address foreign currency risk, which is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The Pension Trust Funds' investment policy states that international equity shall be comprised of American Depository Receipts (ADR) of non-U.S. companies, common stocks of non-U.S. companies, preferred stocks of non-U.S. companies, foreign convertible securities including debentures convertible to common stocks, and cash equivalents.

The following table provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars. As of June 30, 2015, and 2014, the District does not have any deposits or investments in a foreign currency; however, the Pension Trust Funds 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 Pension Trust Funds are as follows:

Fiduciary Funds:	Foreign Currency	2015 US Dollars	2014 US Dollars
Cash	EURO	$ 528	$ 528
	Japanese Yen	87	
	Swiss Franc	6,367	
Total:		$ 6,982	$ 528

RESTRICTED CASH AND INVESTMENTS

<u>Enterprise Fund</u>

At June 30, 2015 and 2014, cash and investments include restricted amounts of the District's Enterprise Fund of $98,311,755 and $106,253,829, respectively. Amounts represent monies restricted for retirement of debt, developer fee projects, and grantor-approved projects.

2. CASH AND INVESTMENTS (Continued)

Fiduciary Funds

At June 30, 2015 and 2014, cash and investments include restricted amounts of the Pension Trust Funds of $257,815,789 and $253,733,244, respectively. Amounts represent funds restricted for employees' retirement.

3. CAPITAL ASSETS

Activity for the year ended June 30, 2015 was as follows:

Assets at Cost	Balance June 30, 2014	Additions	Transfers	Deletions	Balance June 30, 2015
Non-Depreciated Capital Assets					
Land*	$ 85,328,807	$ 335,575	$ -	$ -	$ 85,664,382
Capital Projects in Process	169,349,492	104,585,781	(20,439,825)	-	253,495,448
Total Non-Depreciated Capital Assets	254,678,299	104,921,356	(20,439,825)	-	339,159,830
Depreciated Capital Assets					
Buildings and Improvements*	743,088,434	1,000,178	-	-	744,088,612
Buses and Other Equipment	275,667,064	743,737	20,439,825	(112,692)	296,737,934
Total Depreciated Capital Assets	1,018,755,498	1,743,915	20,439,825	(112,692)	1,040,826,546
Accumulated Depreciation:					
Buildings and Improvements	(249,782,049)	(19,341,420)	-	-	(269,123,469)
Buses and Other Equipment	(160,404,945)	(15,206,055)	-	112,692	(175,498,308)
Total Accumulated Depreciation	(410,186,994)	(34,547,475)	-	112,692	(444,621,777)
Capital Assets Being Depreciated, Net	608,568,504	(32,803,560)	20,439,825	-	596,204,769
Capital Assets, Net	$ 863,246,803	$ 72,117,796	$ -	$ -	$ 935,364,599

*Land and Building – the values of the land and buildings at McClellan Park, approximately $3.7 million and $6.7 million, respectively, are included in these figures in anticipation of the District receiving future Fee Simple title. On January 5, 2007, a net lease and purchase agreement was recorded, giving the District a 94-year land and building leasehold and providing for a future transfer of Fee Simple title upon completion of Hazardous Materials clean-up by the United States Air Force.

3. CAPITAL ASSETS (Continued)

Pursuant to such transaction, the District acquired a leasehold interest in multiple buildings and some exterior parking and the right to use certain common areas at McClellan Park (formerly McClellan Air Force Base). Fee Simple title to the property is projected to be transferred to the District within the next two years. Therefore, the current lease in furtherance of conveyance is being reported as a fee simple ownership of the property.

Building – the value of buildings and improvements includes $30.8 million of progress payments made pursuant to a Lease and Joint Use Agreement with Los Rios Community College District (Los Rios) that provides for the construction of a parking structure at Cosumnes River College. The District and Los Rios have agreed to make joint use of the parking structure and adjacent surface parking. The District's lease payments are the cost of construction, which have already been paid in full, and there are no future payments due. It is the responsibility of Los Rios to maintain, repair, and pay all taxes and utilities associated with the structures operations. The term of the lease, which commenced in August 2015 with the opening of the South Sacramento Corridor Phase II light rail extension, is for a period of 51 years with the option to extend for two consecutive 5-year terms. The lease meets the conditions of a capital lease. Los Rios commenced use of the parking garage in June 2013.

In fiscal year 2013, tax exempt Farebox Revenue Bonds were issued to finance specific transit related improvements. Total interest incurred in fiscal years 2015 and 2014 was $4,041,800 and $4,123,100, respectively. Of this amount, interest in the amount of $2,845,898 and $2,743,582 was capitalized in fiscal years 2015 and 2014, respectively. The cumulative capitalized interest on these bonds is $7,645,436 and $4,799,538 at June 30, 2015 and 2014, respectively.

Activity for the year ended June 30, 2014 was as follows:

Assets at Cost	Balance June 30, 2013	Additions	Transfers	Deletions	Balance June 30, 2014
Non-Depreciated Capital Assets					
Land*	$ 85,303,762	$ 25,045	$ -	$ -	$ 85,328,807
Capital Projects in Process	105,775,522	70,966,168	(7,392,198)	-	169,349,492
Total Non-Depreciated Capital Assets	191,079,284	70,991,213	(7,392,198)	-	254,678,299
Depreciated Capital Assets					
Buildings and Improvements*	737,290,172	2,080,922	3,717,340	-	743,088,434
Buses and Other Equipment	272,976,144	1,971,513	3,674,858	(2,955,451)	275,667,064
Total Depreciated Capital Assets	1,010,266,316	4,052,435	7,392,198	(2,955,451)	1,018,755,498
Accumulated Depreciation:					
Buildings and Improvements	(228,604,911)	(21,177,138)	-	-	(249,782,049)
Buses and Other Equipment	(150,135,690)	(13,224,706)	-	2,955,451	(160,404,945)
Total Accumulated Depreciation	(378,740,601)	(34,401,844)	-	2,955,451	(410,186,994)
Capital Assets Being Depreciated, Net	631,525,715	(30,349,409)	7,392,198	-	608,568,504
Capital Assets, Net	$ 822,604,999	$ 40,641,804	$ -	$ -	$ 863,246,803

4. LINE OF CREDIT

For the purpose of short-term borrowing needs, the District has an unsecured line of credit (LOC) agreement with U.S. Bank National Association. The purpose of the line of credit is to meet the District's liquidity needs stemming from the timing of cash receipts from Federal and State awards. Initially the District had a line of credit with Wells Fargo Bank in the amount of $25,000,000 through December 28, 2013. Subsequently, the District closed the agreement with Wells Fargo Bank and entered into a new agreement with U.S. Bank for a $29,000,000 line of credit with an effective date of November 1, 2013 and with an original expiration date of October 31, 2014. Amendment No. 1 extended the line of credit facility to January 29, 2015. Subsequently the line of credit was extended further to September 30, 2016. The interest rate with Wells Fargo Bank was at either current LIBOR plus one and one-half percent on a fixed basis or current Prime on a variable basis. The interest rate for the LOC with U.S. Bank for the used portion of the LOC was at LIBOR plus one percent and the unused portion was a fixed 0.575%.

As of June 30, 2015 and June 30, 2014, the District reported compliance with the short-term borrowing requirements stated under the California Government Code and with the financial covenants required by U.S. Bank.

The LOC balance at June 30, 2015 and 2014, is summarized as follows:

	2015	2014
Beginning Balance	$ 13,300,000	$ 21,800,000
Draws	64,642,478	54,400,000
Payments	(59,842,478)	(62,900,000)
Ending Balance	$ 18,100,000	$ 13,300,000

5. LEASES

OPERATING LEASES

The District leases buildings, parking lots, and office facilities under non-cancelable operating leases. Total cost for such leases was $371,490 and $365,255, for the fiscal years ended June 30, 2015 and 2014, respectively. The future minimum lease payments for these leases are as follows:

Year Ending June 30	Amount
2016	$ 319,458
2017	180,224
Total	$ 499,682

5. LEASES (Continued)

CAPITAL LEASES

FINANCE OBLIGATIONS UNDER CAPITAL LEASE/LEASEBACK

In December 2005, January 2006, and September 2007, the District entered into separate leveraged lease/leaseback transactions over a total of 50 light rail vehicles (the "Equipment"). Each transaction was structured as a head lease of the Equipment (the "Head Lease") to a special purpose trust created by an equity investor and a simultaneous sublease of the Equipment back to the District (the "Sublease"). Under the Sublease agreements, the District retains the right to use the light rail vehicles and is also responsible for their continued maintenance and insurance. Each Sublease Agreement provides the District with an option to purchase the Equipment at the end of the applicable Sublease term on specified dates between June 2030 and September 2035 for an aggregate purchase price of $97,932,090.

At the closing of the lease/leaseback transactions the light rail vehicles had a fair value of approximately $223,880,000 and a net book value of $94,822,528. The District received an aggregate of $223,880,000 from the equity investor in full prepayment of the Head Leases. The District deposited a portion of the prepaid Head Lease payments with debt payment undertakers whose repayment obligations were guaranteed by American International Group Inc. ("AIG"). The District also deposited a portion of the prepaid Head Lease payments with an equity payment undertaker whose obligations, which were collateralized with U.S. agency securities and guaranteed by AIG, matured at such times and in such amounts that correspond to the purchase option payment dates and amounts for the Equipment under each Sublease. Although these escrows do not represent a legal defeasance of the District's obligations under the Subleases, management believes that these transactions were structured in such a way that it was not probable that the District would need to access other monies to make Sublease payments.

In addition, the District purchased surety bonds from Ambac Assurance Corporation ("Ambac"), a bond insurance company, to guarantee certain termination payments that are in the nature of stipulated damages, in the event the lease/leaseback transactions were terminated, in whole or in part, prior to each Sublease expiration payment date.

The lease/leaseback transactions resulted in a net cash gain to the District of $11,820,731, which was deferred and is being amortized over the lives of the Subleases. At June 30, 2015, and 2014, the District had a balance of $8,185,375 and $8,605,138, respectively, as deferred gain on the lease/leaseback transactions. In each of the fiscal years ending June 30, 2015, and 2014, the District amortized $419,763 of such deferred gain.

The District's lease/leaseback transactions have been recorded similar to capital leases in that the present value of the future lease payments has been recognized on the Statement of Net Position as a Lease/Leaseback payable.

The original terms of the lease/leaseback transactions required the District to replace (1) AIG as debt payment undertaker if its ratings were to fall below "A3" from Moody's Investor Services ("Moody's") or "A-" from Standard & Poor's Rating Group ("S&P"), (2) AIG as equity payment

5. LEASES (Continued)

surety provider if its ratings were to fall below "Aa3" from Moody's or "AA-" from S&P, in each case within a specified period of time following demand by the equity investor.

In July 2011, the lease/leaseback transactions were restructured to (1) eliminate any minimum rating requirements applicable to Ambac, (2) reduce the minimum rating requirement applicable to AIG as debt payment undertaker guarantor to "Baa3" from Moody's and "BBB-" from S&P, (3) replace AIG as equity payment undertaker and guarantor with U.S. Treasury Obligations that matured by such dates and in such amounts that correspond to the purchase option dates and amounts for the Equipment under each Sublease and (4) extend the time periods for any of the District's remaining replacement obligations to one year.

No payments under the debt payment undertaking agreements remain.

Under the terms of the July 2011 restructuring, the District was required to replace the U.S. Treasury Obligations if the rating fell below "Aaa" from Moody's or "AAA" from S&P. In August 2011, S&P downgraded the U.S. Treasury Obligation to "AA+". On October 16, 2013, the equity investor, District and Ambac agreed to amend the minimum rating requirements for the U.S. Treasury Obligations to "Aa2" from Moody's and "AA" from S&P (the "October Amendment").

As a result of the October Amendment, the District is in full compliance with the terms of the lease/leaseback transactions.
As U.S. Treasury Obligations, held in trust, will mature to satisfy the purchase option for the Equipment under each Sublease, the District has recorded the amounts held by the trustee, US Bank, as Deposits for Lease/Leaseback Payables on the Statements of Net Position. The obligation under the lease agreements and the investments held to pay the lease/leaseback obligation are adjusted annually to reflect the change in the net present value of the related sublease and buy-out options. At June 30, 2015 and 2014, the balance of this deposit was $36,861,364 and $35,062,503, respectively.

The following table sets forth the aggregate amounts due under the sublease agreements.

Future minimum payments due in fiscal years ending June 30,:	Amount
2016	$ -
2017	-
2018	-
2019	-
2020	-
2021-2025	-
2026-2030	3,163,610
2031-2035	11,611,558
2036	83,156,921
Total future minimum payments	97,932,089
Less: imputed interest	(61,070,725)
Present value of minimum lease payments	$ 36,861,364

6. LONG-TERM DEBT

FAREBOX REVENUE BONDS (Revenue Bonds), SERIES 2012

In November 2012, the District issued Revenue Bonds totaling $86,865,000 with interest rates ranging from 3% to 5%. The Revenue Bonds were issued to (i) finance a portion of the costs of an extension to the District's light rail system and related improvements and acquisition of certain buses and other vehicles and other capital projects, and to (ii) refund all of the outstanding Farebox Revenue Certificates of Participation (COP), 2003 Series-C. The Revenue

Bonds are a special obligation of the District and are secured solely by a pledge of farebox revenues through 2042.

The Series 2012 Bonds maturing on and after March 1, 2021, shall be subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds. The Bonds maturing on March 1, 2036, bearing an interest rate of either 4% or 5%, will also be subject to redemption in part, by lot, from mandatory sinking account payments required by the Indenture on each March 1 on or after March 1, 2033, at the principal amount of the Series 2012 Bonds to be redeemed plus accrued interest, if any. The Series 2012 Bonds maturing on March 1, 2042, will also be subject to redemption in part, by lot, from mandatory sinking account payments required by the indenture on each March 1 on or after March 1, 2037, at the principal amount of the Series 2012 Bonds to be redeemed plus accrued interest, if any.

The total principal and interest remaining to be paid on the Revenue Bonds was $148,211,450 and $155,048,250 at June 30, 2015 and 2014, respectively. Interest paid was $4,041,800 and $4,123,100 for the fiscal years ending June 30, 2015 and 2014, respectively. Annual principal and interest payments on the Revenue Bonds are expected to require approximately no more than 23% of total farebox revenues. Farebox revenues were $28,396,102 and $29,156,920 for the fiscal years ending June 30, 2015 and 2014, respectively.

As of June 30, 2015, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,:	Principal	Interest	Total
2016	1,530,000	3,957,950	$ 5,487,950
2017	1,595,000	3,896,750	5,491,750
2018	1,655,000	3,832,950	5,487,950
2019	1,740,000	3,750,200	5,490,200
2020	1,825,000	3,663,200	5,488,200
2021-2025	10,600,000	16,851,000	27,451,000
2026-2030	13,525,000	13,923,500	27,448,500
2031-2035	17,120,000	10,324,900	27,444,900
2036-2040	21,560,000	5,879,000	27,439,000
2041-2042	10,210,000	772,000	10,982,000
Total	$ 81,360,000	$ 66,851,450	$ 148,211,450

6. LONG-TERM DEBT (Continued)

As of June 30 2015 and 2014, the unamortized premium associated with the Revenue Bonds was $7,567,782 and $7,851,633, respectively. The amortization of the premium for fiscal years ended June 30 2015 and 2014 was $283,851 and $283,851, respectively.

As of June 30, 2015 and 2014, the Districted reported compliance with all financial covenants of the Farebox Revenue Bonds.

LOANS PAYABLE

Loans payable at June 30, 2014 and 2015 include $13,988,074 received in November 2013 from the Public Transportation account (PTA) in the State Transportation Fund pursuant to Section 2 of Chapter 527, Statutes of 2013 (AB 1222). The loan was extended by the State to temporarily replace a Federal Transit Administration grant that lapsed due to the application of the Federal Transit Act's "13(c)" provision to the California Public Employee Pension Reform Act of 2013 (PEPRA). The federal funds remain appropriated and the issue is in litigation. The loan is due on or before 60 days after either a federal district court rules that the US Department of Labor erred in determining that application of PEPRA precludes certification under subsection (b) of Section 5533 of Title 49 of the United States Code or certification by the US Department of Labor that results in the receipt of the federal grant funds but, in any case, no later than January 1, 2019. The PTA loan accrues interest at the rate earned by the State Pooled Money Investment Account at the time of the loan which was 0.266%. As of June 30, 2015 the principal balance of the PTA loan was $13,988,074 and accrued interest was $62,221. As of June 30, 2014 the principal balance of the PTA loan was $13,988,074 and accrued interest was $24,495.

Loans payable originally included $7,000,000 from Sacramento County developer fees and $1,642,509 from Environmental Council of Sacramento (ECOS) lawsuit proceeds. The developer fees were collected pursuant to Sacramento County Ordinance No. 742 (August 31, 1988), as amended, which established transit impact fees for new development. The District was named as the trustee of the funds and is authorized to expend the funds for specified transit purposes. The developer fees were available to be loaned as they have been collected but not yet designated for specific projects. In 2009, $7,500,000 was committed to the District resulting from a settlement between the California Department of Transportation, ECOS and Neighbors Advocating Sustainable Transportation. The District is to use these funds for signal improvements on the Gold Line and to operate limited stop express trains and increase frequency to and from the Hazel light rail station. The ECOS lawsuit proceeds were available to be loaned as the funds will not be needed until the Gold Line is double-tracked to Folsom. The purpose of these loans was to complete the construction of the Green Line to the River District.

During the fiscal year ended June 30, 2014, the principal and accrued interest balance of the developer fees and ECOS loans were reclassified as advances from local governments.

6. LONG-TERM DEBT (Continued)

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
2012 Revenue Bonds	$ 84,155,000	$ -	$ (2,795,000)	$ 81,360,000	$ 1,530,000
Issuance Premium	7,851,633	-	(283,851)	7,567,782	283,851
Total 2012 Revenue Bonds	92,006,633	-	(3,078,851)	88,927,782	1,813,851
Compensated Absences	9,436,730	7,401,340	(6,914,481)	9,923,589	7,256,719
Loans Payable	13,988,074	-	-	13,988,074	-
Advances from Other Governments	39,061,855	15,048,592	(16,029,681)	38,080,766	18,739,562
Claims Payable	18,823,841	5,125,233	(4,900,061)	19,049,013	4,036,062
Lease/Leaseback Payable	35,062,503	1,798,861	-	36,861,364	-
Long-Term Liabilities	$ 208,379,636	$ 29,374,026	$ (30,923,074)	$ 206,830,588	$ 31,846,194

Long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
2012 Revenue Bonds	$ 86,865,000	$ -	$ (2,710,000)	$ 84,155,000	$ 2,795,000
Issuance Premium	8,135,484	-	(283,851)	7,851,633	283,851
Total 2012 Revenue Bonds	95,000,484	-	(2,993,851)	92,006,633	3,078,851
Compensated Absences	9,169,966	6,782,372	(6,515,608)	9,436,730	6,747,597
Loans Payable	8,642,509	13,988,074	(8,642,509)	13,988,074	-
Advances from Other Governments	35,978,103	10,281,101	(7,197,349)	39,061,855	21,339,382
Claims Payable	18,439,306	5,723,143	(5,338,608)	18,823,841	4,405,679
Lease/Leaseback Payable	33,351,437	1,711,066	-	35,062,503	-
Long-Term Liabilities	$ 200,581,805	$ 38,485,756	$ (30,687,925)	$ 208,379,636	$ 35,571,509

7. FUNDING SOURCES

The District is dependent upon funds from several sources to meet its operating, maintenance, and capital requirements. The receipt of such funds is controlled by statutes, the provisions of various grant contracts, regulatory approvals, and, in some instances, is dependent on the availability of grantor and local matching funds.

FEDERAL GRANTS

Federal grant funding is obtained from the Federal Transit Administration (FTA) and Department of Homeland Security. Federal funding for the fiscal years ended June 30 is comprised of the following:

	2015	2014
Operating assistance grants:		
FTA Section 5307	$ 20,801,469	$ 19,755,604
FTA Section 5337	10,011,827	9,764,225
FTA Section 5309	1,344,082	2,744,338
FTA Section 5339	500,956	-
Dept of Homeland Security	62,774	209,460
FTA Section 5316	41,759	114,212
FTA Section 5304	783	32,236
Total Federal operating assistance grants	32,763,650	32,620,075
Capital grants:		
FTA Section 5309	62,585,364	44,146,247
FTA ARRA	-	3,034,209
STP and CMAQ	10,345,160	663,603
FTA Section 5313	11,930	-
FTA Section 5337	227,945	-
FTA Section 5339	1,291,611	-
FTA Section 5307	357,536	664,499
FHWA Section 112	96,070	
FTA Section 5317	10,476	3,163
Total Federal capital grants	74,926,092	48,511,721
Total Federal operating and capital grants	$ 107,689,742	$ 81,131,796

The FTA retains its interest in assets acquired with Federal funds should they be disposed of before the end of their economic lives or not used for public transit.

Under provisions of Section 5307 of the Urban Mass Transportation Act of 1964, as amended, Federal resources are made available for planning, capital, and operating assistance, subject to certain limitations. Funds are apportioned annually based on a statutory formula and are available for a period of three years following the close of the fiscal year for which they were apportioned. Any unobligated funds at the end of such period revert to the federal government. In general, funds received for operations must, at a minimum, be matched 50% with local contributions and funds for capital projects must be matched 20% with local contributions.

7. FUNDING SOURCES (Continued)

STATE AND LOCAL GRANTS

The District qualified for and received distributions from Local Transportation Funds and State Transit Assistance under claims approved by the Sacramento Area Council of Governments (SACOG) in accordance with provisions of the Transportation Development Act (TDA).

State and local grant funding for the fiscal years ended June 30, is comprised of the following:

	2015	2014
Operating assistance grants:		
Measure A Sales Tax Revenue	$ 36,131,514	$ 33,922,401
Local Transportation Funds	36,098,557	34,608,256
State Transit Assistance	8,120,250	9,787,039
Total state and local operating assistance grants	80,350,321	78,317,696
Capital grants:		
Measure A Sales Tax Revenue	757,933	140,974
State Transit Assistance	748,799	-
Public Transportation Account	(219,816)	814,424
Traffic Congestion Relief Program	1,074,562	42,330
Proposition IB	21,160,341	14,423,944
Proposition 1A	242,870	57,946
City of Sacramento	-	-
County of Sacramento	685,302	11,510
Department of Transportation	14,625	39,416
Developer Fees	757,832	271,328
Sacramento Housing and Redevelopment	152,346	-
Sacramento Area Council of Governments	27,100	-
City of Rancho Cordova	26,892	-
Other	206,377	75,664
Total state and local capital grants	25,635,163	15,877,536
Total state and local grants	$ 105,985,484	$ 94,195,232

7. FUNDING SOURCES (Continued)

ADVANCES FROM OTHER GOVERNMENTS

Advances at June 30, consisted of the following:

	2015	2014
Proposition IB	$ 26,511,534	$ 26,914,210
Developer Fees	9,870,711	10,446,714
ECOS	1,677,912	1,673,370
Other	20,609	27,561
Total advances from other governments	$ 38,080,766	$ 39,061,855

The advances from other governments are grants and other fees received, but not yet spent; utilized principally for capital funding. There are no payments due on these advances. Management makes an estimate of the amount that will be recognized in the next fiscal year and classifies this amount as current.

8. FARE REVENUE RATIO

The District is required to maintain a fare revenue-to-operating expense ratio of 25.50% in accordance with the Transportation Development Act. To demonstrate compliance with this Fare Revenue Ratio, the District has supplemented, per California Public Utilities Code Section 99268.19, a portion of its Local Measure A funds in order to meet the required ratio. The fare revenue-to-operating expense ratio for the District is calculated as follows for the fiscal years ended June 30:

	2015	2014
Fare Revenues	$ 28,396,102	$ 29,156,920
Local Fund Supplementation (Measure A)	8,661,141	8,441,154
Total Revenues	$ 37,057,243	$ 37,598,074
Operating Expenses	$ 179,450,234	$ 181,425,509
Less Allowable Exclusions:		
Depreciation and Amortization	(34,127,712)	(33,982,082)
Net Operating Expenses	$ 145,322,522	$ 147,443,427
Fare Revenue Ratio	25.50%	25.50%

9. PENSION PLANS

DESCRIPTION OF PLANS

The District contributes to three single-employer defined benefit pension plans:

- The Sacramento Regional Transit District Retirement Plan for members of ATU, Local 256 (the ATU Plan),
- The Sacramento Regional Transit District Retirement Plan for members of IBEW Local 1245 (the IBEW Plan), and
- The Sacramento Regional Transit District Retirement Plan for Salaried Employees who are members of the:
  - Administrative Employees' Association (AEA),
  - Management and Confidential Employees Group (MCEG), and
  - American Federation of State, County and Municipal Employees (AFSCME), AFSCME is further broken down into the following groups for bargaining and contract purposes:
    - AFSCME – Technical
    - AFSCME - Supervisors

The ATU Plan and the IBEW Plan are accounted for by the District as one Plan (collectively, the "ATU/IBEW Plan").

The plans are administered by the District under the direction of five separate Retirement Boards of Directors, each representing one of the aforementioned bargaining and employee groups of ATU, IBEW, AEA, AFSCME and MCEG. The District's administrative functions include: payments to retirees, accounting, financial management, Plan document management, correspondence with retirees, pension calculations, and other administrative tasks. The Boards of Directors are responsible for investment decisions, approving the annual actuarial valuation and annual contributions, approving the annual audited financial statements, approving retirements, and other tasks. All expenses incurred in the administration of the plans are paid by the plans.

Each Retirement Board is comprised of equal representation; District Management by a member from the District's Board of Directors and General Manager, and two members from the represented group. Each Board member serves a four year term, with no limit on the amount of terms that can be served. The ATU/IBEW Plan and the Salaried Plan issue a publicly available combined financial report that includes audited financial statements and required supplementary information. The report may be obtained by writing to Sacramento Regional Transit District, Attention: Chief Financial Officer, P.O. Box 2110, Sacramento, CA 95812, or online at www.sacrt.com.

9. PENSION PLANS (Continued)

Plan Transfers – Transfers between Plans occur when an active employee of the ATU/IBEW Plan transfers to a new position within the Salaried Plan, or vice versa. When a transfer takes place contributions made on behalf of that employee must be assessed to determine if the assets need to be moved to the new Plan.

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.

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.

PUBLIC EMPLOYEE PENSION REFORM ACT (PEPRA)

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 previously 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 and the Districts Plans PEPRA exemption to January 1, 2016.

9. PENSION PLANS (Continued)

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.

BENEFITS PROVIDED

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.

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.

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.

9. PENSION PLANS (Continued)

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

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

9. PENSION PLANS (Continued)

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		Salary Plan			
Employee Union/ Groups	**ATU**	**IBEW**	**AFSCME - Technical**	**AFSCME - Supervisors**	**AEA**	**MCEG**
Plan Terms	MOU	MOU	MOU	MOU	MOU	MOU
Vesting Period: Years of Service - % Vested	10 - 100%	5 - 100%	5 - 20% 6 - 40% 7 - 60% 8 - 80% 9 - 100%	9 - 100%	5 - 100%	5 - 100%
Wages used in pension calculation	Ranges from 48 to 60 months depending on date of separation. See Plan documents for specific provisions.					
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					

9. PENSION PLANS (Continued)

Table 2 below presents a summary of the retirement benefits for Tier 2 employees for each of the employee groups represented by the ATU/IBEW and Salaried Plans effective for fiscal year ending June 30, 2015.

Table 2

TIER 2	**ATU/IBEW Plan**		**Salary 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%
Wages used in pension calculation	Highest consecutive 48 months					
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					

9. PENSION 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 (AEA, MCEG, and AFSCME)	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%

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-Technical	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%
AEA, MCEG, and AFSCME - Supervisors	55	N/A	1.30%
	56	N/A	1.40%
	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%

9. PENSION PLANS (Continued)

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 and are approved by the Boards of Directors annually. During the fiscal years ended June 30, 2015 and June 30, 2014, the District made 100% of the actuarially determined contributions. Contributions to the ATU/IBEW plan for fiscal years ended June 30, 2015 and 2014 were $10,343,620 and $9,711,107, respectively. Contributions to the Salaried Plan for the fiscal years ended June 30, 2015 and 2014 were $7,335,308 and $6,609,083, respectively.

Table 5 presents the employer and employee contribution rates and for Tier 1 employees:

Table 5

	June 30, 2015		June 30, 2014	
Tier 1	**Employer**	**Employee**	**Employer**	**Employee**
ATU/IBEW Plan	27.55%	0.00%	26.27%	0.00%
Salaried Plan	32.04%	0.00%	29.95%	0.00%

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. Table 6 presents the employer and employee contribution rates for Tier 2 employees:

Table 6

	June 30, 2015		June 30, 2014	
Tier 2	**Employer**	**Employee**	**Employer**	**Employee**
ATU	24.55%	3.00%	N/A	N/A
IBEW	23.05% to 26.05%	1.50% to 4.50%	N/A	N/A
AFSCME - Technical	27.54% to 30.54%	1.50% to 4.50%	N/A	N/A
AEA, MCEG, and AFSCME - Supervisors	26.29%	5.75%	N/A	N/A

The employee contributions for the ATU/IBEW Plan for the fiscal year ended June 30, 2015 and 2014 were $3,682 and $0, respectively. The employee contributions for the Salaried Plan for the fiscal year ended June 30, 2015 and 2014 were $260 and $0, respectively.

9. PENSION PLANS (Continued)

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. All employee contributions collected during fiscal year 2014 were returned to employees.

The employee contribution rate calculated to be compliant with PEPRA, 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.

NET PENSION LIABILITY

The District's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and projected to June 30, 2014. There were no significant events during the projection period. The reporting date is June 30, 2015.

Actuarial Assumptions – The total pension liability in the June 30, 2013 valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement for both the ATU/IBEW and Salaried Plans The actuarial assumptions were consistent for fiscal years ending June 30, 2015 and 2014:

Inflation	3.25%
Amortization growth rate	3.25%
Salary Increases	3.25%, plus merit component
Investment Rate of Return	7.75%, net of investment expense
Discount Rate	7.75%

Mortality rates were based on the Sex Distinct RP-2000 Combined Blue Collar Mortality, 3 year setback for females, mortality table for the ATU/IBEW Plan, and the Sex Distinct RP-2000 Combined White Collar Mortality, 3 year setback for females, mortality table for the Salaried Plan.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2006 through June 30, 2011.

9. PENSION PLANS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Large Cap	30.00%	9.15%
Domestic Equity Small Cap	7.00%	10.15%
International Equity Developed	18.00%	9.25%
International Equity Emerging	5.00%	11.45%
Domestic Fixed Income	40.00%	3.05%
Total	100.00%	

Discount rate – The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The ATU/IBEW and Salaried Retirement Boards approved a reduction to the discount rate to 7.65%, on March 18, 2015. The reduction in the discount rate will take affect for the actuarial study dated June 30, 2014, and will affect the District's fiscal year ended June 30, 2016 contributions.

9. PENSION PLANS (Continued)

CHANGES IN THE NET PENSION LIABILITY

Table 7 below presents the changes in the net pension liability for the ATU/IBEW plan as of June 30, 2015:

Table 7

	ATU/IBEW Plan Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at 6/30/2014	$ 206,757,597	$ 151,414,030	$ 55,343,567
Changes for the year:			
Service Cost	5,599,479	-	5,599,479
Interest	15,740,342	-	15,740,342
Differences between expected and actual experience	-	-	-
Contributions - employer	-	9,711,107	(9,711,107)
Contributions - member	-	22,425	(22,425)
Transfers Out - to Salaried Plan	(174,166)	(174,166)	-
Net Investment Income	-	22,631,819	(22,631,819)
Benefit Payments, including	(12,877,177)	(12,877,177)	-
refunds of employee contributions	-	-	-
Administrative Expense	-	(230,365)	230,365
Other Changes	-	-	-
Net Changes	8,288,478	19,083,643	(10,795,165)
Balances at 6/30/2015	$ 215,046,075	$ 170,497,673	$ 44,548,402

9. PENSION PLANS (Continued)

Table 8 below presents the changes in net pension liability for the Salaried plan as of June 30, 2015:

Table 8

	Salary Plan Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2014	$ 104,014,863	$ 60,583,144	$ 43,431,719
Changes for the year:			
Service Cost	3,321,337	-	3,321,337
Interest	7,978,675	-	7,978,675
Differences between expected and actual experience	-	-	-
Contributions - employer	-	6,609,083	(6,609,083)
Contributions - member	-	1,678	(1,678)
Transfers Out - to Salaried Plan	174,166	174,166	-
Net Investment Income	-	9,297,544	(9,297,544)
Benefit Payments, including	(5,664,400)	(5,664,400)	-
refunds of employee contributions	-	-	-
Administrative Expense	-	(176,367)	176,367
Other Changes	-	-	-
Net Changes	5,809,778	10,241,704	(4,431,926)
Balances at 6/30/2015	$ 109,824,641	$ 70,824,848	$ 38,999,793

9. PENSION PLANS (Continued)

Table 9 below presents the changes in net pension liability combined for the ATU/IBEW and Salaried plans as of June 30, 2015:

Table 9

	ATU/IBEW and Salary Plan Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at 6/30/2014	$ 310,772,460	$ 211,997,174	$ 98,775,286
Changes for the year:			
Service Cost	8,920,816	-	8,920,816
Interest	23,719,017	-	23,719,017
Differences between expected and actual experience	-	-	-
Contributions - employer	-	16,320,190	(16,320,190)
Contributions - member	-	24,103	(24,103)
Transfers Out - to Salaried Plan	-	-	-
Net Investment Income	-	31,929,363	(31,929,363)
Benefit Payments, including	(18,541,577)	(18,541,577)	-
refunds of employee contributions	-	-	-
Administrative Expense	-	(406,732)	406,732
Other Changes	-	-	-
Net Changes	14,098,256	29,325,347	(15,227,091)
Balances at 6/30/2015	$ 324,870,716	$ 241,322,521	$ 83,548,195

There are no special funding situations for either the ATU/IBEW Plan or the Salaried Plan for the fiscal years ending June 30, 2015 and 2014. The total pension expense recognized by the District for the fiscal years ended June 30, 2015 and 2014 were $13,571,883 and $16,319,863, respectively.

9. PENSION PLANS (Continued)

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the District, calculated using the discount rate of 7.75%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's net pension liability:			
ATU/IBEW Plan	65,624,517	44,548,402	26,384,042
Salary Plan	50,891,964	38,999,793	28,873,989
Total	116,516,481	83,548,195	55,258,031

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued Retirement Plans for the Sacramento Regional Transit District Employees financial report. The Plan assets, for investing purposes, have been comingled to reduce investment expenses.

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

The pension expense recognized by the District for the fiscal years ended June 30, 2015 and 2014, were $13,571,883 and $16,319,863, respectively. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments:		
ATU/IBEW Plan	$ -	$ 8,825,726
Salary Plan	-	3,653,158
Employer contributions subsequent to the measurement date of the net pension liability:		
ATU/IBEW Plan	10,343,620	-
Salary Plan	7,335,308	-
Total	$ 17,678,928	$ 12,478,884

9. PENSION PLANS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		ATU/IBEW Plan	Salary Plan	Total
2016	$	(2,206,432)	(913,289)	(3,119,721)
2017		(2,206,432)	(913,289)	(3,119,721)
2018		(2,206,432)	(913,289)	(3,119,721)
2019		(2,206,432)	(913,289)	(3,119,721)
2020		-	-	-
Thereafter		-	-	-

Deferred outflows of resources resulting from contributions made subsequent to the measurement date of $17,678,928 will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

PAYABLE TO THE PENSION PLAN

At June 30, 2015, the District reported a receivable of $243,158 from the ATU/IBEW Plan and a payable of $109,603 to the Salary Plan. The receivable from the ATU/IBEW Plan is the difference between required contributions and payments to vendors made by the District on behalf of the Plan. The payable to the Salary Plan is for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

ANNUAL PENSION COST

The District's annual pension cost, the percentage of annual pension cost contributed to the plans, and the net pension obligation for the past three fiscal years under GASB Statement No. 27 were as follows:

Fiscal Year Ended		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
ATU/IBEW Employees' Plan:				
6/30/2012		7,884,551	100.0%	-
6/30/2013		8,693,568	100.0%	-
6/30/2014		9,711,107	100.0%	-
Salaried Employees' Plan:				
6/30/2012		4,579,907	100.0%	-
6/30/2013		5,799,546	100.0%	-
6/30/2014		6,609,083	100.0%	-
Total ATU/IBEW and Salaried Employees' Plans:				
6/30/2012	$	12,464,458	100.0%	-
6/30/2013		14,493,114	100.0%	-
6/30/2014		16,320,190	100.0%	-

9. PENSION PLANS (Continued)

FUNDING STATUS AND FUNDING PROGRESS

The funded status of the plans as of July 1, 2012, is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
ATU/IBEW Employees' Plan:						
6/30/2012	$ 136,651,230	$ 199,249,752	$ 62,598,522	68.6%	$ 37,110,134	168.7%
Salaried Employees' Plan:						
6/30/2012	$ 53,365,642	$ 97,903,776	$ 44,538,134	54.5%	$ 19,626,841	226.9%

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The actuarial valuation as of June 30, 2013 for the reporting date of June 30, 2014, Under GASB Statement No. 27 is not available.

10. OTHER POST-EMPLOYMENT BENEFITS

DESCRIPTION OF THE PLANS

The District provides health care benefits under the provisions of the Personnel Rules and Procedures for active and retired members of AEA, AFSCME, MCEG, ATU, and IBEW. The District also provides life insurance benefits to active and retired members of the AEA, AFSCME, and MCEG. Beginning on May 1, 2011, the active and retired members of the ATU were provided certain health care benefits. Beginning July 1, 2011, the active and retired members of the IBEW began receiving certain health care benefits. The benefits are mandated by contracted agreements between the District and the respective employee groups and may be amended at any time. These members and their dependents may become eligible for such benefits if the employees reach normal retirement age while working for the District. These benefits and similar benefits for active employees are provided through an insurance company whose premiums are based on the benefits paid during the year.

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

The District established an irrevocable trust under the California Employer's Retiree Benefit Trust Program (CERBT) to prefund subsidized medical, dental and life insurance for the AEA, AFSCME, and MCEG as well as life insurance and subsidized medical benefits for the ATU and IBEW active and retired members. The funds in the CERBT are held in trust and will be administered by the California Public Employees' Retirement System (CalPERS) as an agent multiple-employer plan. Benefit provisions are established and may be amended by District labor agreements which are approved by the Board of Directors. The District's Other Post-Employment Benefits (OPEB) financial statements will be included in the CalPERS CAFR. Copies of the CalPERS' CAFR may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

FUNDING POLICY

The District received Board approval on July 25, 2011, to create sub-accounts within the AEA, AFSCME, and MCEG's irrevocable trust to prefund the ATU and IBEW's required contribution for their respective health benefits. The obligation of the District to contribute to the plans is established by the Board of Directors. The District currently funds the OPEB at 100% of the ARC for all plans.

The District contributes for retired members of AEA, AFSCME, and MCEG 90% or 92% of the cost for plan members hired after 1993, and 100% for plan members hired prior to 1994. The District is required to contribute the unequal minimum required contribution set under the Public Employees' Medical & Hospital Care Act (PEMHCA) for retired members of the ATU and IBEW. A total of seven hundred and thirty five (735) and six hundred and nineteen (619) employees and/or their beneficiaries were eligible to receive such benefits at June 30, 2015, and 2014, respectively.

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The CERBT fund, which is an IRC Section 115 Trust, is set up for the purpose of (i) receiving employer contributions to prefund health and other post-employment benefits for retirees and their beneficiaries, (ii) invest contributed amounts and income therein, and (iii) disburse contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for health care costs or other post-employment benefits in accordance with the terms of the District's OPEB plan.

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

ANNUAL OPEB COST AND NET OPEB OBLIGATION FOR THE HEALTH BENEFITS FOR THE AEA, AFSCME, AND MCEG

The ARC for the fiscal year ended June 30, 2015, was determined as part of the July 1, 2013, actuarial valuation. The ARC amount was $2,743,750. For the fiscal years ended June 30, 2015 and 2014, the District's annual OPEB cost (expense) was $2,743,750 and $2,657,386, respectively. The following table shows the components of the District's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and the changes in the District's net OPEB obligation to the plan:

	2015	2014
Annual Required Contribution	$ 2,743,750	$ 2,657,386
Interest on Net OPEB Obligation	-	-
Adjustment to Annual Required Contribution	-	-
Annual OPEB Cost (Expense)	2,743,750	2,657,386
Contributions Made	(2,743,750)	(2,657,386)
Increase (Decrease) in Net OPEB Obligation	$ -	$ -

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2015, and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2013	$ 2,339,439	100.0%	-
06/30/2014	$ 2,657,386	100.0%	-
06/30/2015	$ 2,743,750	100.0%	-

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

FUNDING STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2013, was as follows:

Actuarial Accrued Liability (AAL)	$ 37,074,015
Actuarial Value of Plan Assets	10,564,908
Unfunded Actuarial Accrued Liability (UAAL)	$ 26,509,107
Funded Ratio (Actuarial Value of Plan Assets/AAL)	28.50%
Covered Payroll (Active Plan Members)	$ 21,203,620
UAAL as a Percentage of Covered Payroll	125.02%

ANNUAL OPEB COST AND NET OPEB OBLIGATION FOR THE ATU HEALTH BENEFITS

The ARC for the fiscal year ended June 30, 2015, was determined as part of the July 1, 2013 actuarial valuation. As of June 30, 2015 and 2014 the ARC was $583,471 and $565,105, respectively. The following table shows the components of the District's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and the changes in the District's net OPEB obligation to the plan:

	2015	2014
Annual Required Contribution	$ 583,471	$ 565,105
Interest on Net OPEB Obligation	-	-
Adjustment to Annual Required Contribution	-	-
Annual OPEB Cost (Expense)	583,471	565,105
Contributions Made	(583,471)	(565,105)
Increase (Decrease) in Net OPEB Obligation	$ -	$ -

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2015, and the preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2013	$ 781,898	100.0%	$ -
06/30/2014	$ 565,105	100.0%	$ -
06/30/2015	$ 583,471	100.0%	$ -

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

FUNDING STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2013, was as follows:

Actuarial Accrued Liability (AAL)	$	6,661,707
Actuarial Value of Plan Assets		2,191,062
Unfunded Actuarial Accrued Liability (UAAL)	$	4,470,645
Funded Ratio (Actuarial Value of Plan Assets/AAL)		32.89%
Covered Payroll (Active Plan Members)	$	23,626,704
UAAL as a Percentage of Covered Payroll		18.92%

ANNUAL OPEB COST AND NET OPEB OBLIGATION FOR THE IBEW HEALTH BENEFITS

The ARC for the fiscal year ended June 30, 2015, was determined as part of the July 1, 2013, actuarial valuation. As of June 30, 2015, and 2014, the ARC was $193,581 and $187,487, respectively. The following table shows the components of the District's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and the changes in the District's net OPEB obligation to the plan:

		2015		2014
Annual Required Contribution	$	193,581	$	187,487
Interest on Net OPEB Obligation		-		-
Adjustment to Annual Required Contribution		-		-
Annual OPEB Cost (Expense)		193,581		187,487
Contributions Made		(193,581)		(187,487)
Increase (Decrease) in Net OPEB Obligation	$	-	$	-

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2015, and the two preceding years were as follows:

Fiscal Year Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
06/30/2013	$	266,538	100.0%	$	-
06/30/2014	$	187,487	100.0%	$	-
06/30/2015	$	193,581	100.0%	$	-

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

FUNDING STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2013, was as follows:

Actuarial Accrued Liability (AAL)	$	1,876,037
Actuarial Value of Plan Assets		762,342
Unfunded Actuarial Accrued Liability (UAAL)	$	1,113,695
Funded Ratio (Actuarial Value of Plan Assets/AAL)		40.64%
Covered Payroll (Active Plan Members)	$	10,093,613
UAAL as a Percentage of Covered Payroll		11.03%

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. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress immediately following the notes to the financial statements presents information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

In the July 1, 2013, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 7.61% investment rate of return and an annual healthcare cost trend rate of 9.0% for fiscal year 2014, reduced by decrements of 0.5% a year to an ultimate rate of 4.64% at 2025 and thereafter. The actuarial valuation also includes a 3.25% salary increase annually and an inflation increase of 3.25% annually.

The Entry Age Normal (EAN) cost method spreads plan costs for each participant from entry date to the expected retirement date. Under the EAN cost method the plan's normal cost is developed as a level amount over the participants' working lifetime. The AAL is the cumulative value, on the valuation date, of prior service costs. For retirees, the AAL is the present value of all projected benefits.

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Effective with the July 1, 2011, valuation the District transitioned to a closed amortization period. The amortization payment for the fiscal year ended June 30, 2015, was developed using a 27 year period with payments determined as a level percent of payroll. The amortization period will decline by one year each fiscal year hereafter. The ARC under this method equals the normal cost plus the amortization of unfunded AAL over a thirty (30) year closed period and is being amortized as a level percentage of increasing payroll. The Plan costs are derived by making certain specific assumptions as to the rates of interest, mortality, turnover, and the like, which are assumed to hold for many years in the future. Actual experience may differ somewhat from the assumptions and the effect of such differences is spread over all periods. Due to these differences, the costs determined by the valuation must be regarded as estimates of the true Plan costs.

11. SELF-INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Coverage provided by self-insured and excess coverage is generally as follows as of June 30, 2015:

Type of Coverage	(per occurrence)	(per occurrence)
Workers' Compensation	Up to $2,000,000	$2,000,000 to $25,000,000
Commercial General Liability		
Bus	Up to $5,000,000	$5,000,000 to $200,000,000
Light Rail	Up to $5,000,000	$5,000,000 to $200,000,000
*Property:		
Perils	Up to $100,000	$100,000 to $250,000,000
Collision	Up to $500,000	$500,000 to $250,000,000
Flood	Up to $250,000	$250,000 to $10,000,000

* includes revenue and non-revenue vehicles

The District purchases commercial insurance for claims in excess of self-insured amounts and for all other risks of loss to a stated maximum amount. The District is self-insured for amounts in excess of these maximum amounts. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the previous year.

The claims liability of $19,049,013 and $18,823,841 reported at June 30, 2015 and 2014, respectively, is based on estimates of the amounts needed to pay prior and current year claims and to allow accrual of estimated incurred but not reported claims. Non-incremental claims adjustment expenses have been included as part of the liability. As of June 30, 2015, and 2014, the Public Liability and Property Damage (PLPD) liability is discounted using a discount factor of 1.0%. PLPD is discounted due to the amount the District holds in a reserve fund of $3,138,208 and $3,097,888 at June 30, 2015, and 2014, respectively. Workers' Compensation liability is not discounted.

11. SELF-INSURANCE (continued)

These claim estimates are actuarially determined and based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the District's claims liability amount during the fiscal years ended June 30, 2015, and 2014 were as follows:

Fiscal Year Ended	Beginning of the Year Liability	Current Year Claims and Changes in Estimate	Claims Payments	End of the Year Liability
June 30, 2015	$ 18,823,841	$ 5,125,233	$ (4,900,061)	$ 19,049,013
June 30, 2014	$ 18,439,306	$ 5,723,143	$ (5,338,608)	$ 18,823,841
June 30, 2013	18,292,958	5,327,966	(5,181,618)	18,439,306

12. CONTINGENT LIABILITIES AND COMMITMENTS

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

The District receives funding for specific purposes that is subject to review and audit by the granting agencies or funding source. Such audits could result in a request for reimbursement for expenses disallowed under the terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

The District has construction contracts and property acquisition commitments of approximately $80,445,053 and $112,000,525 at June 30, 2015, and 2014, respectively. Federal, state, and local grant funds have been approved for such construction.

12. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the $19.925 billion of state general obligation bonds authorized, $4 billion was set aside by the State as instructed by statute as the PTMISEA. These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement. PTMISEA receipts are included as part of Proposition 1B state and local capital contributions on the Statement of Revenues, Expenses, and Changes in Net Position. PTMISEA activity for the fiscal years ended June 30, 2015, and 2014 are as follows:

	2015	2014
Balance July 1	$ -	$ -
Receipts	19,393,309	11,597,606
Expenses:		
LRT Crossing Enhancements	(1,873)	(6,499)
UTDC Retrofit	(6,012,295)	(616,432)
Bus Maintenance Facility	(94,563)	(33,365)
ADA Transit Plan Improvements	(854)	(615)
Replace Neighborhood Ride Vehicles (hybrids)	-	(1,327)
South Line Phase 2 Extension	(6,858,895)	(6,936,607)
Siemens Mid-Life Overhaul	(21,703)	(13,492)
Siemens E&H Ramp Replacement	(1,239,552)	(552)
Bucket/Platform Truck	-	(22,769)
Connect Card	(386,309)	(1,577,522)
29th Street Station Enhancements	(3,267)	(147)
Replace Non-Revenue Vehicles	(618,418)	(2,065,904)
Downtown/Riverfront Streetcar	(1,290,983)	(322,375)
CNG Bus Replacement 40’	(2,779,164)	-
Fare Box Replacement	(85,433)	-
Balance June 30	**$ -**	**$ -**

Required Supplementary Information (Other than MD&A)

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

EMPLOYEES WHO ARE MEMBERS OF ATU LOCAL 256 AND IBEW LOCAL 1245

	2015
Total pension Liability	
Service Cost	$ 5,599,479
Interest	15,740,342
Transfers out - Salaried Plan	(174,166)
Benefit payments, including refunds of member contributions	(12,877,177)
Net change in total pension liability	8,288,478
Total pension liability - beginning	206,757,597
Total pension liability - ending	$ 215,046,075
Plan fiduciary net position	
Contributions - employer	$ 9,711,107
Contributions - member	22,425
Net investment income	22,631,819
Transfers out - Salaried Plan	(174,166)
Benefit payments, including refunds of member contributions	(12,877,177)
Administrative expense	(230,365)
Net change in plan fiduciary net position	19,083,643
Plan fiduciary net position - beginning	151,414,030
Plan fiduciary net position - ending	$ 170,497,673
Net pension liability - ending	$ 44,548,402
Plan fiduciary net position as a percentage of the total pension liability	79.28%
Covered employee payroll	$ 38,857,668
Net pension liability as a percentage of covered employee payroll	114.65%

Notes to schedule:

Benefit changes – There were no substantial changes to the benefits in FY2015.
Changes of assumptions – There were no substantial changes to the plan's assumptions in FY2015.

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

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

SALARIED EMPLOYEES

	2015
Total pension Liability	
Service Cost	$ 3,321,337
Transfers In - ATU/IBEW Plan	174,166
Interest (includes interest on service cost)	7,978,675
Benefit payments, including refunds of member contributions	(5,664,400)
Net change in total pension liability	5,809,778
Total pension liability - beginning	104,014,863
Total pension liability - ending	$ 109,824,641
Plan fiduciary net position	
Contributions - employer	$ 6,609,083
Contributions - member	1,678
Transfers in - ATU/IBEW Plan	174,166
Net investment income	9,297,544
Benefit payments, including refunds of member contributions	(5,664,400)
Administrative expense	(176,367)
Net change in plan fiduciary net position	10,241,704
Plan fiduciary net position - beginning	60,583,144
Plan fiduciary net position - ending	$ 70,824,848
Net pension liability - ending	$ 38,999,793
Plan fiduciary net position as a percentage of the total pension liability	64.49%
Covered employee payroll	$ 22,008,809
Net pension liability as a percentage of covered employee payroll	177.20%

Notes to schedule:

Benefit changes – There were no substantial changes to the benefits in FY2015.
Changes of assumptions – There were no substantial changes to the plan's assumptions in FY2015.

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

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

EMPLOYEES WHO ARE MEMBERS OF
ATU LOCAL 256 AND IBEW LOCAL 1245
(Dollar amounts in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	$ 10,343	$ 9,711	$ 8,694	$ 7,885	$ 6,809	$ 7,426	$ 6,970	$ 7,681	$ 7,088	$ 6,227
Contributions in relation to the actuarially determined contribution	10,343	9,711	8,694	7,885	6,809	7,426	6,970	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	27.25%	24.99%	23.43%	20.45%	17.76%	17.02%	15.52%	17.18%	16.52%	15.08%

Note: This schedule uses covered payroll which is different than actual payroll and therefore the contributions as a percentage of covered payroll will differ from what was actually contributed.

Notes to Schedule:

Valuation Date	7/1/2013 (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

<u>Key methods and assumptions used to determine contribution rates:</u>

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, 2014, can be found in the June 30, 2012 actuarial valuation report.

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

SALARIED EMPLOYEES
(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	$ 4,123	$ 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	4,123	3,694	2,564
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	23,002	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	31.89%	30.03%	29.55%	23.97%	19.10%	18.89%	18.09%	18.80%	17.29%	12.08%

Note: This schedule uses covered payroll which is different than actual payroll and therefore the contributions as a percentage of covered payroll will differ from what was actually contributed.

Notes to Schedule:

Valuation Date	7/1/2013 (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, 2014, can be found in the June 30, 2012 actuarial valuation report.

SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
AS OF JUNE 30, 2015

Sacramento Regional Transit District
ATU/IBEW Pension Plan

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
06/30/2010	$ 134,517,986	$ 190,222,989	$ 55,705,003	70.7%	$ 38,342,969	145.3%
06/30/2011	136,269,214	200,302,461	64,033,247	68.0%	38,558,226	166.1%
06/30/2012	136,651,230	199,249,752	62,598,522	68.6%	37,110,134	168.7%

The District's contributions to the plans are mandated by contractual agreements with employee groups and may be amended at any time. Amendments to existing contracts are agreed upon between each collective bargaining unit and the District.

Effective January 1, 2013 member contributions were only required for members hired after January 1, 2013. Subsequently, the California Public Employees' Pension Reform Act of 2013 (PEPRA) requiring member contributions for members hired after January 1, 2013 was amended on October 4, 2013 by California assembly bill no 1222 (AB 1222). AB 1222 would exempt from PEPRA public employees whose collective bargaining rights are subject to specified provisions of federal law until a specified federal district court decision on a certification by the United States Secretary of, or his or her designee, or until January 1, 2015.

The actuarial valuation as of June 30, 2013 for the reporting date of June 30, 2014, under GASB Statement No. 27 is not available.

SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
AS OF JUNE 30, 2015

Sacramento Regional Transit District
Salaried Pension Plan

Actuarial Valuation Date		Actuarial Value of Plan Assets (a)		Actuarial Accrued Liability (AAL) (b)		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)		Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
06/30/2010	$	50,994,346	$	86,869,623	$	35,875,277	58.7%	$	19,466,160	184.3%
06/30/2011		52,145,118		96,435,226		44,290,108	54.1%		19,105,372	231.8%
06/30/2012		53,365,642		97,903,776		44,538,134	54.5%		19,626,841	226.9%

The District's contributions to the plans are mandated by contractual agreements with employee groups and may be amended at any time. Amendments to existing contracts are agreed upon between each collective bargaining unit and the District.

Effective January 1, 2013 member contributions were only required for members hired after January 1, 2013. Subsequently, the California Public Employees' Pension Reform Act of 2013 (PEPRA) requiring member contributions for members hired after January 1, 2013 was amended on October 4, 2013 by California assembly bill no 1222 (AB 1222). AB 1222 would exempt from PEPRA public employees whose collective bargaining rights are subject to specified provisions of federal law until a specified federal district court decision on a certification by the United States Secretary of, or his or her designee, or until January 1, 2015.

The actuarial valuation as of June 30, 2013 for the reporting date of June 30, 2014, under GASB Statement No. 27 is not available.

SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
AS OF JUNE 30, 2015

Sacramento Regional Transit District
Other Post-Employment Benefits (OPEB) Trust
For Active and Retired Members of MCEG, AEA, AFSCME

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
07/01/2010	$ 4,417,079	$ 28,992,683	$ 24,575,604	15.24%	$ 17,262,633	142.4%
07/01/2011	7,581,083	33,126,230	25,545,147	22.89%	20,936,260	122.0%
07/01/2013	10,564,908	37,074,015	26,509,107	28.50%	21,203,620	125.0%

Sacramento Regional Transit District
Other Post-Employment Benefits (OPEB) Trust
For Active and Retired Members of ATU

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
07/01/2009	$ -	$ 4,448,122	$ 4,448,122	0.00%	$ 37,904,888	11.7%
07/01/2011	384,527	7,591,486	7,206,959	5.07%	25,550,318	28.2%
07/01/2013	2,191,062	6,661,707	4,470,645	32.89%	23,626,704	18.9%

Sacramento Regional Transit District
Other Post-Employment Benefits (OPEB) Trust
For Active and Retired Members of IBEW

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
07/01/2011	$ 118,014	$ 2,125,047	$ 2,007,033	5.55%	$ 10,329,269	19.4%
07/01/2013	762,342	1,876,037	1,113,695	40.64%	10,093,613	11.0%

The District is currently funding the OPEB plans at 100% of the ARC. No contributions are required by plan members.

Combining Statements - Fiduciary Funds

SACRAMENTO REGIONAL TRANSIT DISTRICT
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2015

	ATU/IBEW	Salaried	Total
ASSETS			
Assets:			
Cash and Cash Equivalents	$ 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
Investments:			
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
Total Assets	180,907,943	78,012,114	258,920,057
LIABILITIES			
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 HELD IN TRUST FOR PENSION BENEFITS	$ 172,106,054	$ 74,596,300	$ 246,702,354

SACRAMENTO REGIONAL TRANSIT DISTRICT
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2014

	ATU/IBEW	Salaried	Total
ASSETS			
Assets:			
Cash and Cash Equivalents	$ 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
Investments:			
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
Total Assets	181,273,723	74,971,338	256,245,061
LIABILITIES			
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 HELD IN TRUST FOR PENSION BENEFITS	$ 170,497,673	$ 70,824,948	$ 241,322,621

SACRAMENTO REGIONAL TRANSIT DISTRICT
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
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 Increase 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 Gain	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
Increase in Net Position	1,608,381	3,771,352	5,379,733
Net Position Held in Trust for Pension Benefits - July 1	170,497,673	70,824,948	241,322,621
Net Position Held in Trust for Pension Benefits - June 30	$ 172,106,054	$ 74,596,300	$ 246,702,354

SACRAMENTO REGIONAL TRANSIT DISTRICT
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
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 Increase 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 Gain	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	-
Increase in Net Position	19,083,643	10,241,804	29,325,447
Net Position Held in Trust for Pension Benefits - July 1	151,414,030	60,583,144	211,997,174
Net Position Held in Trust for Pension Benefits - June 30	$ 170,497,673	$ 70,824,948	$ 241,322,621

Statistical Section (Unaudited)

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

This part of the Sacramento Regional Transit District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

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Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year. The District implemented GASB Statements No. 63 and 65 in the fiscal year ended June 30, 2013. Schedules comparative results are retroactively presented.*

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Position										
Net Investment in Capital Assets	$ 726,109	$ 743,350	$ 752,243	$ 771,045	$ 770,304	$ 778,152	$ 787,711	$ 799,650	$ 798,019	$ 864,160
Restricted for:										
Capital Projects	2,103	1,928	1,699	2,580	1,841	1,840	4,474	2,845	1,211	1,751
Debt Service	-	-	-	-	-	-	-	2,278	2,279	1,829
Unrestricted	1,807	9,882	2,695	1,446	(2,093)	(4,287)	(526)	1,689	31,723	(48,259)
Total Net Position	$ 730,020	$ 755,160	$ 756,637	$ 775,071	$ 770,052	$ 775,705	$ 791,658	$ 806,463	$ 833,232	$ 819,481

Source: Comprehensive Annual Financial Report

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating Revenues										
Fares	$ 25,072	$ 27,101	$ 29,866	$ 32,571	$ 30,864	$ 28,967	$ 28,964	$ 29,759	$ 29,157	$ 28,396
Operating Expenses										
Labor and Fringe Benefits	85,368	85,887	93,780	91,580	91,203	79,366	82,209	88,064	94,755	93,182
Professional and Other Services	23,555	23,613	26,505	26,584	24,797	20,720	21,417	24,996	26,130	27,533
Spare Parts and Supplies	18,445	14,941	12,188	12,950	11,044	8,524	9,785	10,517	11,996	10,549
Utilities	5,579	4,944	5,550	5,545	5,531	5,741	5,587	5,639	5,646	5,816
Casualty and Liability Costs	7,788	9,774	11,159	7,104	2,286	6,540	6,353	7,910	8,343	7,906
Depreciation and Amortization	28,840	28,434	28,445	30,699	30,870	31,238	31,392	31,380	33,982	34,128
Indirect Costs Allocated to Capital Programs	-	-	-	(2,172)	(863)	(881)	(824)	(763)	(887)	(1,204)
Other	1,890	1,971	1,896	1,680	1,402	1,547	1,492	1,396	1,460	1,541
Total Operating Expenses	171,465	169,564	179,524	173,970	166,270	152,795	157,411	169,139	181,426	179,450
Operating Loss	(146,393)	(142,462)	(149,658)	(141,399)	(135,407)	(123,828)	(128,447)	(139,380)	(152,269)	(151,054)
Non-Operating Revenues (Expenses)										
Operating Assistance:										
State and Local	78,680	92,839	84,558	70,725	58,135	58,109	69,132	72,723	78,318	80,350
Federal	19,413	21,011	22,804	30,788	34,552	27,374	28,670	31,007	32,620	32,764
Investment Income	3,882	7,908	8,145	8,911	6,439	4,113	2,456	1,755	1,941	1,996
Interest Expense	(3,805)	(7,900)	(7,951)	(9,154)	(6,792)	(4,401)	(2,722)	(2,522)	(3,223)	(2,982)
Pass Through to Subrecipients	(2,570)	(1,791)	(1,378)	(478)	(3,638)	(4,043)	(4,216)	(1,672)	(3,401)	(2,933)
Contract Services	4,993	5,295	4,732	4,311	4,599	4,362	5,245	5,607	5,530	5,810
Other	1,198	891	4,336	3,304	2,758	3,946	2,485	3,414	2,863	4,193
Total Non-Operating Revenues	101,790	118,253	115,246	108,407	96,052	89,461	101,049	110,310	114,648	119,197
Loss Before Capital Contributions	(44,603)	(24,209)	(34,412)	(32,992)	(39,355)	(34,367)	(27,398)	(29,071)	(37,620)	(31,857)
Capital Contributions										
State and Local	22,287	21,267	29,606	42,441	29,381	36,482	33,474	34,389	15,878	25,635
Federal	21,321	28,082	4,575	8,985	4,955	3,538	10,016	9,331	48,512	74,926
Position before Special Item	(995)	25,141	(230)	18,433	(5,019)	5,653	16,092	14,650	26,769	68,704
Extraordinary (Loss) Gain on Early Extinguishment of Debt	-	-	-	-	-	-	-	155	-	-
Special Items	715	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Position after Special Item	$ (280)	$ 25,141	$ (230)	$ 18,433	$ (5,019)	$ 5,653	$ 16,092	$ 14,805	$ 26,769	$ 68,704

Source: Comprehensive Annual Financial Report

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

Operating Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Farebox	Fare Prepayment/ Outlet Sales	Special/ Contracted	Other	Total
2006	$ 7,677,324	$ 16,325,280	$ 1,054,862	$ 14,325	$ 25,071,791
2007	8,179,034	18,182,009	718,701	21,517	27,101,261
2008	8,549,841	19,672,827	1,622,660	20,482	29,865,810
2009	8,801,118	22,156,898	1,592,215	21,228	32,571,459
2010	8,219,357	20,876,281	1,747,750	20,313	30,863,701
2011	7,572,658	19,550,718	1,823,577	20,275	28,967,228
2012	7,846,435	19,385,804	1,713,635	18,274	28,964,148
2013	7,971,366	19,311,009	2,462,865	13,439	29,758,679
2014	8,069,001	19,305,312	1,771,265	11,342	29,156,920
2015	8,047,861	18,514,485	1,822,565	11,191	28,396,102

Source: Comprehensive Annual Financial Report

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

Principal Fare Revenue Payers
Current Year and Nine Years Ago

	Fiscal Year 2015 Sales		Fiscal Year 2006 Sales	
Customers	Amount	%	Amount	%
Department of Human Assistance	$ 2,026,200	7.14%	$ 1,748,595	6.97%
Raley's Family of Fine Stores	1,058,425	3.73%	-	0.00%
Los Rios Community College District	1,011,106	3.56%	-	0.00%
Health & Human Services	899,846	3.17%	659,732	2.63%
Department of Transportation	881,430	3.10%	748,430	2.99%
Alta California Regional Center	814,150	2.87%	665,902	2.66%
California Environmental Protection Agency	810,100	2.85%	646,855	2.58%
California State University Sacramento	750,603	2.64%	-	0.00%
Franchise Tax Board	724,508	2.55%	596,426	2.38%
Employment Development Department	723,625	2.55%	796,487	3.18%
Water Resources Department	-	0.00%	680,701	2.72%
Board of Equalization	-	0.00%	415,258	1.66%
Depart,ment of Motor Vehicles	-	0.00%	352,069	1.40%
Subtotal (10 Largest)	9,699,993	34.16%	7,310,455	29.16%
Balance from other customers	18,696,109	65.84%	17,761,336	70.84%
Grand Total	$ 28,396,102	100.00%	$ 25,071,791	100.00%

Grand Total Source: Comprehensive Annual Financial Report

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Farebox Revenue Bonds Series 2012	Lease/ Leaseback Payable	Certificates of Participation 2003	Notes Payable	Total Debt	Six-County Region Percentage of Personal Income	Six-County Region Per Capita
2006	-	112,931,466	15,888,525	-	128,819,991	0.02%	58.07
2007	-	119,960,064	14,387,541	-	134,347,605	0.02%	59.82
2008	-	190,508,944	12,841,557	-	203,350,501	0.01%	89.43
2009	-	146,527,940	11,235,574	-	157,763,514	0.01%	68.63
2010	-	100,681,155	9,554,590	-	110,235,745	0.01%	47.48
2011	-	57,411,268	7,788,606	-	65,199,874	0.01%	28.01
2012	-	35,482,912	5,942,622	8,230,039	49,655,573	0.01%	21.21
2013	95,000,484	33,351,437	-	8,642,509	136,994,430	0.09%	58.03
2014	92,006,633	35,062,503	-	13,988,074	141,057,210	Not available	59.30
2015	88,927,782	36,861,364	-	13,988,074	139,777,220	Not available	58.13

Source: Comprehensive Annual Financial Report

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Fare Revenue	Non-Fare Revenues	Total Revenue	Less Operating Expense	Net Available Revenue	Debt Service		Coverage
						Principal	Interest	
2006	25,071,791	104,658,444	129,730,235	133,217,834	(3,487,599)	9,400,000	699,146	(0.35)
2007	27,101,261	118,470,621	145,571,882	134,356,800	11,215,082	1,425,000	640,008	5.43
2008	29,865,810	115,572,834	145,438,644	149,029,101	(3,590,457)	1,470,000	611,508	(1.72)
2009	32,571,459	108,754,008	141,325,467	139,829,027	1,496,440	1,530,000	549,033	0.72
2010	30,863,701	96,360,868	127,224,569	131,552,128	(4,327,559)	1,605,000	472,533	(2.08)
2011	28,967,228	89,726,163	118,693,391	120,627,827	(1,934,436)	1,690,000	392,282	(0.93)
2012	28,964,148	101,258,250	130,222,398	124,598,383	5,624,015	1,770,000	307,783	2.71
2013	29,758,679	109,004,025	138,762,704	136,103,794	2,658,910	5,740,000	2,347,098	0.33
2014	29,156,920	115,299,629	144,456,549	144,777,141	(320,592)	2,710,000	4,123,100	(0.05)
2015	28,396,102	119,886,619	148,282,313	148,304,911	(22,598)	2,795,000	4,041,800	(0.00)

Notes: Details regarding the District's debt can be found in the notes to the financial statements. Operating expenses do not include depreciation and amortization and capital funded expenses.

A portion of the 2012 Revenue Bond interest is funded with Federal Capital Revenue

Capital revenue has been excluded from this schedule.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

Demographic and Economic Indicators
Last Ten Fiscal Years

	Population[1,2]		Personal Income [1,2] (In Thousands)		Per Capital Personal [1] Income		Unemployment Rate[3]	
	Sacramento County	Six-County Region	Sacramento County	Six-County Region	Sacramento County	Six-County Region	Sacramento County	Six-County Region
2006	$1,369,563	$2,218,269	$51,707,729	$86,820,959	$ 37,755	$ 39,139	4.8%	4.9%
2007	1,381,161	2,245,937	53,920,784	90,854,160	39,040	40,453	5.4%	5.6%
2008	1,394,438	2,273,938	55,319,306	93,804,187	39,671	41,252	7.2%	7.4%
2009	1,408,601	2,298,630	54,480,186	92,208,555	38,677	40,115	11.0%	11.2%
2010	1,421,973	2,321,626	55,216,582	93,877,743	38,831	40,436	12.6%	12.8%
2011	1,435,277	2,342,541	58,242,904	99,808,333	40,580	42,607	12.1%	12.2%
2012	1,448,053	2,361,555	61,370,761	105,598,822	42,382	44,716	10.5%	10.7%
2013	1,462,131	2,384,460	63,512,541	109,041,559	43,438	45,730	8.9%	9.0%
2014	1,456,230	2,383,870	Not available	Not available	Not available	Not available	7.3%	7.5%
2015	1,470,912	2,404,700	Not available	Not available	Not available	Not available	6.1%	6.3%

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

1. 2005-2013 U.S. Department of Commerce, Bureau of Economic Analysis, *CA1-3 Personal income population, per capital personal income.*
2. 2014-2015 State of California, Department of Finance, E-1 City, County and State Population Estimates, 2013–2014.
3. State of California, Employment Development Department, Labor Force & Employment Data

Principal Employers
Current Year and Nine Years Ago

	Fiscal Year 2015			Fiscal Year 2006		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of California	74,329	1	9.90%	67,467	1	10.59%
Sacramento County	10,598	2	1.41%	14,408	2	2.26%
UC Davis Health System	9,706	3	1.29%	7,901	3	1.24%
U.S. Government	9,668	4	1.29%			
Sutter Health	8,817	5	1.17%			
San Juan Unified School District	7,523	6	1.00%	5,775	8	0.91%
Kaiser Permanente	6,464	7	0.86%	6,656	6	1.04%
Dignity Health	6,286	8	0.84%	4,897	10	0.77%
Intel Corporation	6,200	9	0.83%	7,000	4	1.10%
Elk Grove Unified School District	5,758	10	0.77%			
Sacramento City Unified School District				7,000	5	1.10%
Los Rios Community College District				6,000	7	0.94%
City of Sacramento				5,105	9	0.80%
Total	145,349		19.36%	132,209		20.75%

Source: Sacramento Business Journal

CONTINUING DISCLOSURE REQUIREMENTS

SEC Rule 15c2-12

The following summary provides the District's specific and continuing Securities and Exchange Commission (SEC) disclosure requirements (Rule 15c2-12) in connection with the 2012 Series Revenue Bonds. All Disclosure requirements can be found in the District's Comprehensive Annual Financial Report (CAFR) and the District's Adopted Budget.

		FY 2015 CAFR Page No.	FY 2015 Adopted Budget Page No.
1	Management Discussion and Analysis, Audited Financial Statements and Statistical Information	4-102	
2	Tabular or numerical information of the types contained in the Official Statement relating to the 2012 Series Revenue Bonds under the following subscriptions:		
	Ridership and Farebox Revenues (i)	96,97,98,99	
	Historical Operating Results	15,84,85	
	Farebox Recovery Ratios (ii)	47,96	
	Historical Nonoperating Revenues – 10 year funds (iii)	78,95	
	Measure A Sales Tax Funding Trends (iv)	46,95	
	LTF Revenues claimed and expended by the District (v)	46,95	
	STA Funds Claimed and Utilized by the District (vi)	46,95	
	Federal Grant Funds Utilized by the District (v)	45,94	
	Adopted Operating Budget (vi)		37
	Capital Project Expediture Plan		118

Covenants of the Issuer

The following summary provides the District's specific and continuing covenants of the issuer in connection with the 2012 Series Revenue Bonds. All Disclosure requirements can be found in the Official Statement, the District's Comprehensive Annual Financial Report (CAFR).

	2012 Official Statement	FY 2015 CAFR Page No.
Punctual Payments	43	42
Application of Farebox Revenues	44	14

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

DISTRICT PROFILE
As of June 30, 2015

Metropolitan Population	1.4 million
Total Employees	933
Service Area	All of Sacramento County, with services to Citrus Heights, Carmichael, Fair Oaks, Elk Grove, Folsom and Rancho Cordova
Area of Authority (in Square Miles)	Approximately 418 Square Miles
Population of Service Area	Approximately 1.7 million
Local Financial Support	Local Transportation Funds Measure A Sales Tax Revenue
Number of Bus Routes	69
Number of Rail Lines	3
Miles of Rail	38.6
Weekday Bus Revenue Service Miles	20,474
Weekday Rail Revenue Service Miles	13,333
Average Weekday Bus and Rail Riders	89,160
Number of Vehicles in Service	209 CNG Buses 76 Rail Vehicles 25 Shuttle Vans
Paratransit	102 Paratransit Vehicles
Park and Ride Lots	18
Bus and Light Rail Transfer Stations	26
Bus Stops	3,100+
Rail Stations	50

TEN YEAR FUNDING HISTORY

The following table shows available funding that the District has been awarded over the last ten years from our major federal funding sources, followed by a brief description of each source.

	FEDERAL FUNDS									
	Federal Transit Funds					Federal Highway Discretionary Funds	Section 5339	Section 5337	ARRA	Other
	Section 5307	Section 5309 Fixed Guideway	Section 5309 Bus	Section 5309 New Start	Section 5316/5317 JARC/NF					
2006	$ 14,840,853	$ 3,452,070	$ 870,000	$ -	$ 430,000	$ 3,602,000	$ -	$ -	$ -	$ -
2007	14,250,000	4,217,137	401,280	-	425,047	1.363,000	-	-	-	-
2008	17,177,791	4,562,242	434,720	4,410,000	200,000	7,100,000	-	-	-	-
2009	17,981,339	4,797,633	451,440	6,930,000	483,148	1,363,000	-	-	16,240,000	
2010	19,028,000	4,638,430	-	38,000,000	28,898	2,300,000	-	-	15,057,612	
2011	17,880,540	5,582,436	-	-	285,313	-	-	-	-	-
2012	18,676,000	6,003,331	5,000,000	-	615,000	-	-	-	-	384,912
2013	19,907,689			40,000,000	525,000	3,229,327	524,211	8,872,128	-	93,287
2014	19,877,317	-	-	45,660,000	318,239	21,071,200	794,629	10,004,225	-	247,500
2015	19,679,867	-	-	-	-	-	1,093,451	10,011,827	-	29,029

Federal Funds

Section 5307 Funds: Funds distributed by formula to large and small urban areas for a variety of transit planning, capital and preventive maintenance needs.

Section 5309 Fixed Guideway Funds: Funds distributed by formula to urban rail transit operators for repair and rehabilitation of commuter and light rail systems.

Section 5309 Bus Funds: Funds for bus purchases and bus support facility projects. These funds are specifically earmarked by Congress each year.

Section 5309 New Starts Funds: Funds for fixed guideway (i.e. light rail, commuter rail, etc.) projects. New Start projects are recommended by the Federal Transit Administration and based on rigorous criteria and selected for funding by Congress.

Section 5316 Jobs Access & Reverse Commute (JARC): Funds for operating new service that provides increased access to job opportunities, either through new service routes or expansions of existing routes into non-traditional service hours.

Section *5317 New Freedom* (NF): Funds to reduce barriers to transportation services and expand the transportation mobility options available to people with disabilities beyond the requirements of the Americans with Disabilities Act (ADA) of 1990.

Federal Highway Discretionary Funds: Funds distributed for a variety of transportation planning, construction, and equipment acquisition needs. Projects are approved for funding by local agencies and forwarded to appropriate state and federal agencies for funding authorization.

Section 5339 Bus and Facilities Funds: Funds distributed by formula for bus renovations, purchases and bus support facility projects.

Section 5337 State of Good Repair Funds: Funds distributed for formula to repair and upgrade rail transit systems along with high-density motor bus systems that use high occupancy vehicle (HOV) lanes including bus rapid transit (BRT).

ARRA Funds: On February 17, 2009 the President signed into law the American Recovery and Reinvestment Act of 2009 (ARRA). The Act provides direct funding from the federal government for infrastructure, fiscal stabilization and other programs over the next several years. ARRA is designed to create or save jobs, and invest in science, health care, transportation, education, and energy efficiency.

TEN YEAR FUNDING HISTORY (Continued)

The following table shows available funding that the District has been awarded over the last ten years from our major state and local funding sources, followed by a brief description of each source.

	STATE FUNDS		LOCAL FUNDS			
	State Transportation Improvement Program	Other	Measure A	Local Transportation Fund	State Transit Assistance	Other
2006	44,368,000	-	41,846,466	37,861,087	5,818,675	
2007	-	70,000	43,775,228	39,400,100	15,758,692	
2008	10,125,000	19,512,000	48,105,515	32,459,480	8,541,278	
2009	-	1,558,699	35,372,181	33,056,759	4,908,090	
2010	-	7,979,439	79,836,086	24,698,724	5,151,088	
2011	10,128,000	3,650,232	29,075,732	27,382,646	5,304,891	
2012	-	25,984,490	31,045,187	34,671,997	9,596,963	
2013	-	36,576,736	32,368,073	30,043,310	10,019,397	
2014		2,718,257	33,972,533	34,608,256	9,520,611	50,000
2015		10,702,271	36,131,514	36,098,557	8,869,049	1,506,854

State Funds

State Transportation Improvement Program: Funds distributed by the State for projects, including transit construction projects that relieve traffic congestion on state and local roads and highways.

Proposition 116 Rail Bond Funds: Funds approved by California voters in *1990 (Clean Air Transportation Improvement Act*) for passenger rail purposes. The District received a total of $100 million for light rail improvement and expansion projects.

Other: These funds include Transit Capital Improvement funds for projects approved for funding in FY 1997 and earlier (the last year that TCI funds were made available by the State), Traffic Congestion Relief Program funds approved in the FY 2000 State Budget for specific District capital projects, and Proposition 1B funds approved for funding in FY 2007.

Local Funds

Measure A is a ½ cent sales tax ordinance that supports road and public transportation improvements in Sacramento County. Passed by voters in 1998, it expired in April 2009. The District received approximately 1/3 of the tax (1/6 cent). In November 2004, voters approved an extension of the Measure A ordinance until 2039 with transit receiving 38.25% of the ½-cent tax.

Local Transportation Fund: Funds generated by the state sales tax, and used for transit operating support purposes. The Transportation Development Act (TDA) allocates a portion of the state sales tax for transportation purposes.

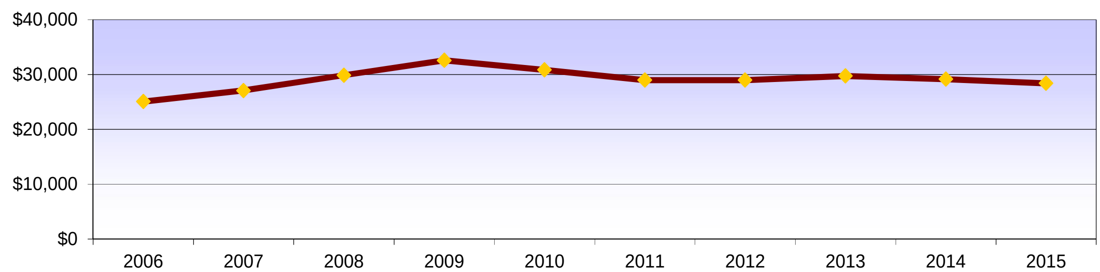
State Transit Assistance Funds: Funds generated by the sales tax on gasoline and diesel fuel sales. These funds are disbursed to transit agencies for a variety of transit capital and operating support needs.

Other: This funding is from City of Rancho Cordova, County of Sacramento, City of Roseville, Sacramento Area Council of Governments (SACOG) and Sacramento Housing, Redevelopment Agency (SHRA) and Bus Fire Insurance Proceeds.

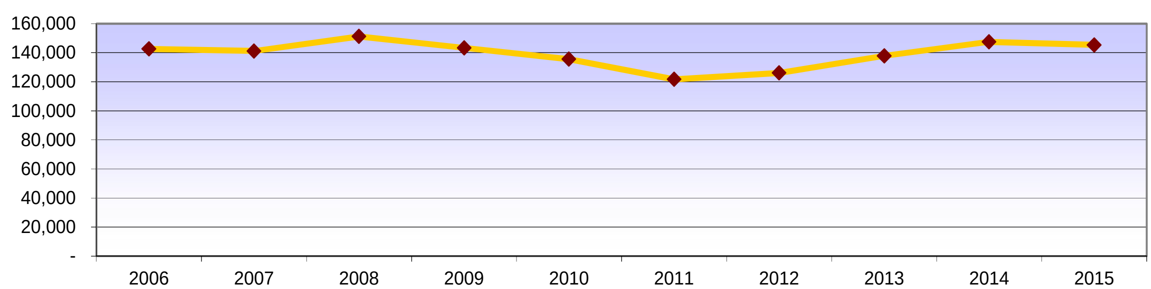
FARE RECOVERY
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fare Revenue	$25,072	$27,101	$29,866	$32,571	$30,864	$28,967	$28,964	$29,759	$29,156	$28,396
Local Fund Supplementation	11,297	8,887	8,659	3,963	3,663	2,030	3,171	5,370	8,441	8,661
Total Operating Expenses	142,625	141,129	151,079	143,271	135,400	121,557	126,019	137,759	147,443	145,323
Fare Recovery Ratio	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%

FARE REVENUE



TOTAL OPERATING EXPENSES



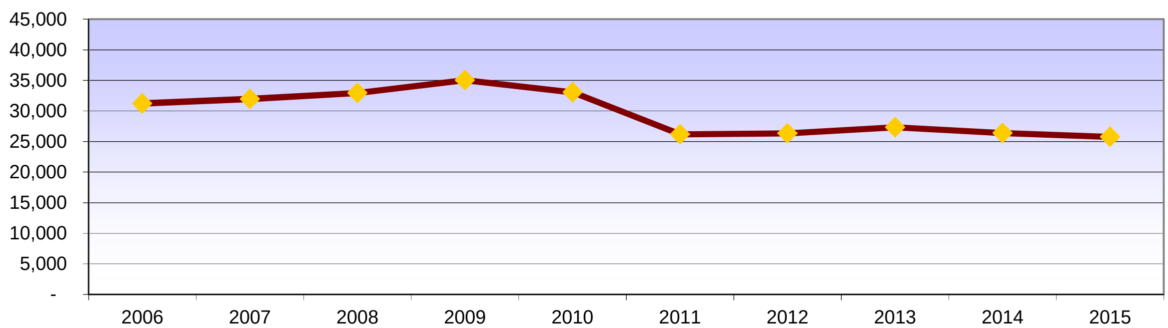
Source: Comprehensive Annual Financial Report

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

RIDERSHIP
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Ridership	31,230	31,951	32,951	35,050	33,060	26,161	26,338	27,298	26,368	25,768
% change	0.94%	2.31%	3.13%	6.37%	(5.68%)	(20.87%)	0.68%	3.64%	(3.41%)	(2.28%)

RIDERSHIP



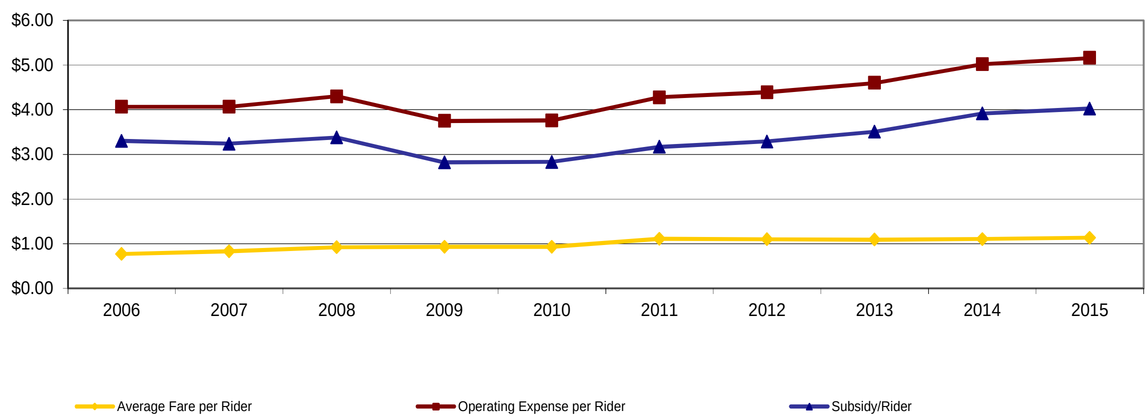
Source: District Planning Department
NTD Statistics

OPERATING SUBSIDY
LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Average Fare per Rider	$0.77	$0.83	$0.92	$0.93	$0.93	$1.11	$1.10	$1.09	$1.11	$1.13
Operating Expense per Rider [1]	$4.07	$4.07	$4.30	$3.75	$3.76	$4.28	$4.39	$4.60	$5.02	$5.16
Subsidy/Rider	$3.30	$3.24	$3.38	$2.82	$2.83	$3.17	$3.29	$3.51	$3.92	$4.03

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

OPERATING EXPENSE & SUBSIDY PER RIDER



Source: Comprehensive Annual Financial Report
District Planning Department
NTD Statistics

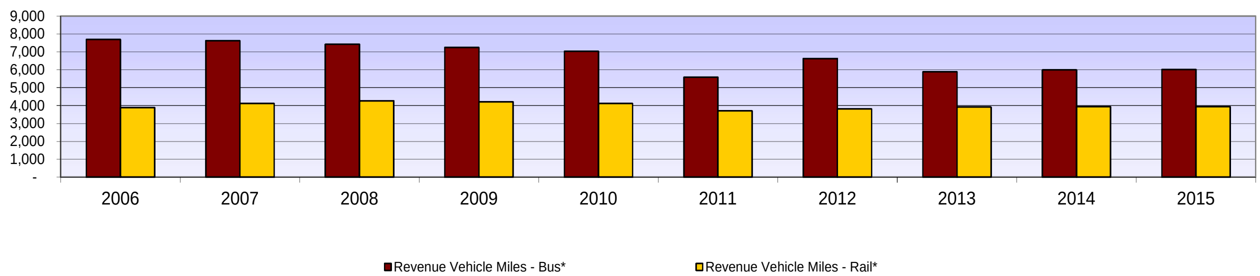
SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

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

SERVICE PROVIDED

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
BUS										
Revenue Vehicle Miles - Bus*	7,688	7,638	7,431	7,244	7,032	5,590	6,632	5,893	6,002	6,023
Revenue Vehicle Hours*	710.9	702.8	677.7	652.0	628.2	501.2	506.0	532.0	548.0	549.8
# Vehicles	275	269	271	271	233	229	229	232	232	232
RAIL										
Revenue Vehicle Miles - Rail*	3,888	4,128	4,267	4,213	4,120	3,697	3,823	3,921	3,947	3,936
Revenue Vehicle Hours*	208.9	209.7	216.7	213.1	208.6	191.1	203.3	217.2	218.6	218.1
Train Revenue Hours*	81.5	81.6	81.9	81.7	81.4	69.3	70.0	82.0	83.2	83.2
# of Vehicles	76	76	76	76	76	76	76	76	76	76

SERVICE PROVIDED



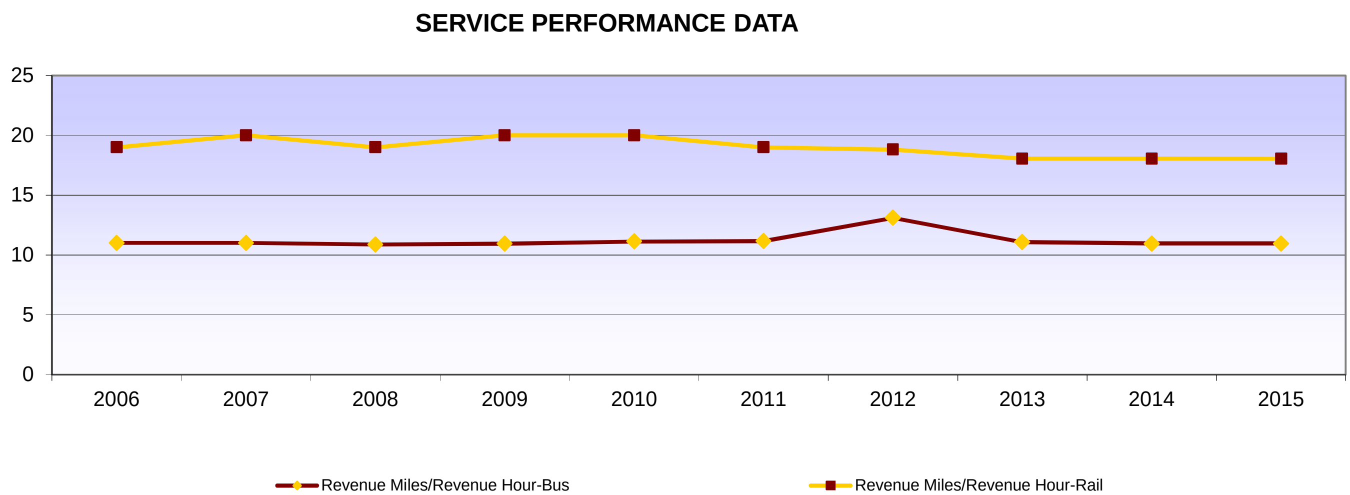
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
BUS										
Passengers*	16,778	17,461	17,466	17,735	17,579	13,617	13,146	13,784	13,658	13,706
Passenger Miles*	54,559	54,551	57,444	59,001	61,417	47,525	46,521	49,440	53,133	52,346
RAIL										
Passengers*	14,452	14,490	15,485	17,315	15,481	12,544	13,192	13,513	12,710	12,062
Passenger Miles*	78,181	78,760	85,807	93,087	83,409	72,860	74,706	75,797	74,580	68,717
TOTAL										
Passengers*	31,230	31,951	32,951	35,050	33,060	26,161	26,338	27,298	26,368	25,768
Passenger Miles*	132,740	133,311	143,251	152,088	144,826	120,385	121,227	125,237	127,713	121,063
FLEET										
Bus	275	269	271	271	233	229	219	223	225	225
Rail	76	76	76	76	76	76	76	76	76	76
TOTAL EMPLOYEES	1,198	1,162	1,125	1,087	907	901	901	940	933	937

Source: District Planning Department; NTD Statistics

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

SERVICE PERFORMANCE DATA (Continued)
LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue Miles/Revenue Hour-Bus	11	11	11	11	11	11	13	11	11	11
Revenue Miles/Revenue Hour-Rail	19	20	19	20	20	19	19	18	18	18



Source: District Planning Department; NTD Statistics

FARES
As of June 30, 2015

Single and Daily Pass Fares

Rider Type	Fare Type	Single Ride	Daily Pass
Age 19-61	Basic	$ 2.50	$ 6.00
Senior (62 & older)	Discount	$ 1.25	$ 3.00
Individuals with Disabilities	Discount	$ 1.25	$ 3.00
Medicare Cardholder	Discount	$ 1.25	$ 3.00
Student (age 5-18)	Discount	$ 1.25	$ 3.00

Pre-Paid Ticket Books

Fare Book Type	Fare Type	# of Tickets	Book Price
Single Fare	Basic	10	$ 25.00
Single Fare	Discount	10	$ 12.50
Daily Fare	Basic	10	$ 60.00
Daily Fare	Discount	10	$ 30.00

Monthly Passes and Stickers

Fare/Rider Type	Price
Basic Monthly Pass	$ 100.00
Basic Semi-Monthly Pass	$ 50.00
Senior/Disabled Monthly Sticker	$ 50.00
Senior/Disabled Semi-Monthly Sticker	$ 25.00
Super Senior Monthly Sticker (age 75+)	$ 40.00
Student Semi-Monthly Sticker	$ 25.00
Yolo Express Sticker*	$ 25.00

**Yolobus Express stickers are available for transferring between RT and Yolobus Express buses to Davis,Winters, and Woodland. Requires an RT Monthly Pass.*

PERFORMANCE MEASURES

Performance Measures in Sacramento's Peer Transit Agencies

City, State	2010 Urban Area Population		2012 Statistics Cost per Passenger		Cost per Revenue Mile		Cost per Revenue Hour		Subsidy per Passenger		Farebox Recovery Ratio	
	(UZA Rank)		(Peer Rank)		(Peer Rank)		(Peer Rank)		(Peer Rank)		(Peer Rank)	
BUS PEERS												
Sacramento, CA	**1,723,634**	**(28)**	**$ 5.35**	**(3)**	**$ 12.52**	**(3)**	**$ 138.69**	**(3)**	**$ 4.26**	**(3)**	**20.4%**	**(5)**
Buffalo, NY	935,906	(46)	4.00	(6)	10.27	(6)	117.56	(5)	2.69	(6)	32.7%	(1)
Charlotte, NC	1,249,442	(38)	3.49	(7)	7.42	(8)	102.37	(8)	2.57	(7)	26.5%	(2)
Columbus, OH	1,368,035	(36)	4.91	(4)	8.86	(7)	107.89	(7)	3.86	(5)	21.5%	(4)
Long Beach, CA	12,150,996	(2)	2.63	(8)	11.33	(5)	113.18	(6)	2.01	(8)	23.6%	(3)
San Carlos, CA	3,281,212	(13)	7.92	(1)	15.22	(2)	183.90	(2)	6.46	(1)	18.4%	(6)
San Jose, CA	1,664,496	(29)	6.90	(2)	15.27	(1)	206.94	(1)	6.02	(2)	12.7%	(8)
Tacoma, WA	3,059,393	(14)	4.75	(5)	11.47	(4)	131.57	(4)	3.89	(4)	18.2%	(7)
Average for Bus Peers	**3,387,069**		**4.94**		**11.41**		**137.63**		**3.93**		**21.9%**	
RAIL PEERS												
Sacramento, CA	**1,723,634**	**(28)**	**3.70**	**(3)**	**12.76**	**(4)**	**230.28**	**(3)**	**2.61**	**(3)**	**29.4%**	**(5)**
Dallas, TX	5,121,892	(6)	5.12	(2)	16.55	(2)	334.33	(2)	4.43	(2)	13.5%	(7)
Denver, CO	2,374,203	(18)	3.32	(4)	8.10	(6)	152.45	(5)	1.93	(4)	41.9%	(3)
Portland, OR	1,849,898	(24)	2.54	(5)	12.87	(3)	188.07	(4)	1.35	(6)	46.8%	(2)
Salt Lake City, UT	1,021,243	(42)	2.42	(6)	7.11	(7)	90.46	(7)	1.46	(5)	39.8%	(4)
San Diego, CA	2,956,746	(15)	1.94	(7)	8.39	(5)	148.06	(6)	0.86	(7)	55.6%	(1)
San Jose, CA	1,664,496	(29)	6.42	(1)	21.50	(1)	347.59	(1)	5.53	(1)	13.8%	(6)
Average for Rail Peers	**2,498,080**		**3.63**		**12.42**		**210.16**		**2.59**		**35.2%**	

Source: National Transit Database, 2013 Transit Profiles - All Agencies

In 2013, the Sacramento urban area, ranked 28th in the US based on population. Table 1 compares the District's 2013 performance to 7 other bus peer transit properties and 6 other rail peer transit properties. This table indicates the following:

<u>Bus</u>
The District ranks 4th in Cost per Passenger, Cost per Revenue Mile, Cost per Revenue Hour, Subsidy Per Passenger and 5th in Farebox Recovery Ratio among its Bus peer transit agencies.

<u>Rail</u>
The District ranks 3rd in Cost per Passenger, Cost per Revenue Hour and Subsidy per Passenger among its Rail peer transit agencies.
The District ranks 4th in Cost per Revenue Mile among its Rail peer transit agencies.
The District ranks 5th in Farebox Recovery Ratio among its Rail peer transit agencies.

Regional Transit

Sacramento Regional Transit District

Finance Division

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