Shasta Regional Transportation Agency

Redding, California

Financial Statements and Independent Auditors' Reports

For the Year Ended June 30, 2020

Prepared by:
Chief Financial Officer

THE PUN GROUP
ACCOUNTANTS & ADVISORS

Shasta Regional Transportation Agency
For the Year Ended June 30, 2020

Table of Contents

Table of Contents (Continued)

Page

Required Supplementary Information (Unaudited) (Continued):

Supplementary Information:

THE PUN GROUP
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Shasta Regional Transportation Agency
Redding, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Shasta Regional Transportation Agency ("SRTA") as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise SRTA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of SRTA, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

200 E. Sandpointe Ave., Suite 600, Santa Ana, California 92707
Tel: 949-777-8800 • Fax: 949-777-8850
www.pungroup.cpa

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of the Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of the Contributions - Pensions, the Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedule of the Contributions - Net Other Postemployment Benefits on pages 13 through 17 and 65 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SRTA's basic financial statements. The Schedules of Allocations and Disbursements, the Schedule of Cost Allocation Plan Reconciliation and Indirect Cost Rate Carryover, the Schedule of Cost Allocation Plan Reconciliation and Indirect Cost Allocation Carryover, and the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Allocations and Disbursements, the Schedule of Cost Allocation Plan Reconciliation and Indirect Cost Rate Carryover, the Schedule of Cost Allocation Plan Reconciliation and Indirect Cost Allocation Carryover, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Allocations and Disbursements, the Schedule of Cost Allocation Plan Reconciliation and Indirect Cost Rate Carryover, the Schedule of Cost Allocation Plan Reconciliation and Indirect Cost Allocation Carryover, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2021 on our consideration of SRTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SRTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SRTA's internal control over financial reporting and compliance.

The Pun Group, LLP

Santa Ana, California
June 10, 2021

This page intentionally left blank.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE (INCLUDING THOSE CONTAINED IN THE TDA STATUTES AND CALIFORNIA CODE OF REGULATIONS) AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

To the Board of Directors
of the Shasta Regional Transportation Agency
Redding, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the TDA Statutes and California Code of Regulations issued by the California Department of Transportation, the financial statements of the governmental activities, business-type activities, and each major fund of the Shasta Regional Transportation Agency ("SRTA"), as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise SRTA's basic financial statements, and have issued our report thereon dated June 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SRTA's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SRTA's internal control. Accordingly, we do not express an opinion on the effectiveness of SRTA's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

The Pun Group, LLP

Santa Ana, California
June 10, 2021

THE PUN GROUP
ACCOUNTANTS & ADVISORS

REPORT ON COMPLIANCE FOR THE TRANSPORTATION PLANNING AGENCY REQUIRED BY TRANSPORTATION DEVELOPMENT ACT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditors' Report

To the Board of Directors
of the Shasta Regional Transportation Agency
Redding, California

Report on Compliance for Transportation Planning Agency Required by Transportation Development Act

We have audited the Shasta Regional Transportation Agency's ("SRTA") compliance with the compliance requirements described in §6662 and §6663 of the California Code of Regulation, Title 21, Division 3, Chapter 3, Article 5.5 applicable to SRTA's compliance as Transportation Planning Agency ("TPA") for the year ended June 30, 2020.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of SRTA's management.

Auditors' Responsibility

Our responsibility is to express an opinion on SRTA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Transportation Development Act ("TDA") Statutes and California Code of Regulations, July 2018, issued by the California Department of Transportation Division of Rail and Mass Transportation ("TDA Guidebook"). Those standards and TDA Guidebook require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on SRTA as TPA occurred. An audit includes examining, on a test basis, evidence about SRTA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the SRTA's compliance with these requirements.

Opinion on SRTA as Transportation Planning Agency

In our opinion, SRTA complied, in all material respects, with the compliance requirements referred to above that are applicable to SRTA as Transportation Planning Agency for the year ended June 30, 2020.

200 E. Sandpointe Ave., Suite 600, Santa Ana, California 92707
Tel: 949-777-8800 • Fax: 949-777-8850
www.pungroup.cpa

Report on Internal Control Over Compliance

Management of SRTA is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the SRTA's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the SRTA's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of §6662 and §6663 of the California Codes of Regulation, Title 21, Division 3, Chapter 3, Article 5.5. Accordingly, this report is not suitable for any other purpose.

The Pun Group, LLP

Santa Ana, California
June 10, 2021

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

To the Board of Directors
of the Shasta Regional Transportation Agency
Redding, California

Report on Compliance for Each Major Federal Program

We have audited the Shasta Regional Transportation Agency's ("SRTA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SRTA's major federal programs for the year ended June 30, 2020. SRTA's major federal programs are identified in the summary of the auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of SRTA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SRTA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of SRTA's compliance.

Opinion on Each Major Federal Program

In our opinion, SRTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

200 E. Sandpointe Ave., Suite 600, Santa Ana, California 92707
Tel: 949-777-8800 • Fax: 949-777-8850
www.pungroup.cpa

Report on Internal Control Over Compliance

Management of SRTA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SRTA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SRTA's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The Pun Group, LLP

Santa Ana, California
June 10, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS
(REQUIRED SUPPLEMENTARY INFORMATION) (UNAUDITED)

This page intentionally left blank.

As management of the Shasta Regional Transportation Agency ("SRTA"), we offer readers of SRTA's financial statements this narrative overview and analysis of the financial activities of SRTA for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented herein, in conjunction with the rest of the report.

Financial Highlights

- SRTA's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $7,537,394.
- SRTA's net position increased by $975,185 as a result of this fiscal year's operations.
- As of the close of the current fiscal year, SRTA's governmental funds reported combined ending fund balances of $5,521,802 an increase of $770,702 in comparison with the prior fiscal year. None of this total amount is available for spending at the Agency's discretion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to SRTA's basic financial statements. SRTA's basic financial statements are made up of three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements and required information.

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of SRTA's finances, in a manner similar to a private-sector business.

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

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

The government-wide financial statements can be found on pages 23-25 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SRTA, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of SRTA can be classified as Governmental Funds or Proprietary Funds.

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

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

SRTA maintains three governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and change in fund balances.

> **Local Planning Fund –** The Planning Fund is the general operating fund of the Agency and accounts for the revenues collected to provide services and finance the fundamental operations of the Agency. The major revenue sources for this fund are local transportation funds and federal and state planning grants. Expenditures are made for administration, as well as local and regional planning projects.
>
> The **Local Transportation Fund** is used to account for Transportation Development Act revenues, which are claimed by local agencies for pedestrian and bike facilities, transit services, and streets and roads.
>
> The **State Transit Assistance Fund** is used to account for Transportation Development Act revenues, which are claimed by local agencies for transit and transportation planning purposes.

SRTA adopts an annual appropriated budget for all governmental funds. Budgetary comparison statements have been provided for this fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 29-32 of this report.

At June 30, 2020, SRTA's governmental fund reported total fund balance of $5,521,802, an increase of $770,702 in comparison with the prior fiscal year's total ending fund balance.

Proprietary Funds – Proprietary funds account for operations (1) that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary funds can be found on pages 33-35 of this report.

> The **Building Rental Enterprise Funds -** these funds account for the financial transactions related to SRTA renting a portion of their property located at 1255 East Street in Redding, California.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 39-61 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following table presents SRTA's net position as of June 30, 2020 and 2019:

Net Position
June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 11,395,522	$ 12,420,898	$ -	$ -	$ 11,395,522	12,420,898
Internal balance	-	331,205	-	(331,205)	-	-
Capital assets	1,735,063	1,078,467	-	552,439	1,735,063	1,630,906
Total assets	13,130,585	13,830,570	-	221,234	13,130,585	14,051,804
Deferred outflows of resources	288,415	271,820	-	-	288,415	271,820
Long-term liabilities	920,323	771,588	-	111,477	920,323	883,065
Other liabilities	4,960,556	6,867,884	-	9,355	4,960,556	6,877,239
Total liabilities	5,880,879	7,639,472	-	120,832	5,880,879	7,760,304
Deferred inflows of resources	727	1,111	-	-	727	1,111
Net position:						
Net investment in capital assets	1,037,022	447,385	-	432,501	1,037,022	879,886
Restricted	6,704,654	5,810,750	-	-	6,704,654	5,810,750
Unrestricted	(204,282)	203,672	-	(332,099)	(204,282)	(128,427)
Total net position	$ 7,537,394	$ 6,461,807	$ -	$ 100,402	$ 7,537,394	$ 6,562,209

SRTA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $7,537,394 at the close of the current fiscal year. Overall, capital assets experienced an increase of $104,157 from prior fiscal year due to purchase of equipment and furniture in the amount of $212,262 net with depreciation of assets in the amount of $108,105.

During the current fiscal year, SRTA's increase in net position was $975,185. This increase is due to a rise of sales taxes contributing to higher local transportation assistance and state transportation assistance.

The following table demonstrates the changes in SRTA's net position for the year ended June 30, 2020 and 2019:

Changes in Net Position
For the Years Ended June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	$ 7,500	$ 3,237	$ -	$ 49,722	$ 7,500	$ 52,959
Operating grants and contributions	16,067,430	11,986,714	-	-	16,067,430	11,986,714
General revenue:						
Investment earnings	100,402	27,089	(100,402)	-	-	27,089
Total revenues	16,175,332	12,017,040	(100,402)	49,722	16,074,930	12,066,762
Expenses:						
Trans. plan./local assistance	15,099,745	10,957,262	-	-	15,099,745	10,957,262
Building rental	-	-	-	58,070	-	58,070
Total expenses	15,099,745	10,957,262	-	58,070	15,099,745	11,015,332
Increase (decrease) in net position	1,075,587	1,059,778	(100,402)	(8,348)	975,185	1,051,430
Net position - beginning of year	6,461,807	5,402,029	100,402	108,750	6,562,209	5,510,779
Net position - end of year	$ 7,537,394	$ 6,461,807	$ -	$ 100,402	$ 7,537,394	$ 6,562,209

Financial Analysis of SRTA's Funds

As noted earlier, SRTA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

During the current fiscal year, SRTA's Local Planning Fund balance decreased by $356,043, resulting a net fund balance deficit of $173,392.

General Planning Fund Budgetary Highlights

There were three adjustments in the Local Planning Fund budget due to grants. Adopted appropriations were sufficient to cover all general fund operations during the fiscal year.

Capital Assets and Debt Administration

Capital Assets - SRTA's capital assets as of June 30, 2020, amounts to $1,735,063, net of accumulated depreciation. Capital assets includes office equipment, furniture, software, and a building.

Capital Assets (Net of Depreciation)
June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	$ 235,000	$ 118,722	$ -	$ 116,278	$ 235,000	$ 235,000
Building	1,285,523	917,937	-	436,161	1,285,523	1,354,098
Improvements	2,757	3,223	-	-	2,757	3,223
Equipment and furniture	211,783	38,585	-	-	211,783	38,585
Total capital assets	$ 1,735,063	$ 1,078,467	$ -	$ 552,439	$ 1,735,063	$ 1,630,906

Additional information on SRTA's capital assets can be found in Note 6 on pages 47-48 of this report.

Debt Administration – As of June 30, 2020 SRTA's debt totaled $698,041, a decrease of $52,979 from the prior year. The reason of the decrease was a payment made on the capital leases for the purchase of the building.

Outstanding Debt
June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Capital leases	$ 698,041	$ 631,082	$ -	$ 119,938	$ 698,041	$ 751,020

Additional information on SRTA's outstanding debt can be found in Note 9 on page 48-49 of this report.

Economic Factors and Next Fiscal Year's Budgets and Rates

The revenue and expenditure projections incorporated into the fiscal year 2020-21 budget are based upon historical data with inflationary increases; revenue estimates for grants and sales tax revenues provided by outside agencies such as the State Department of Transportation and the County Auditor's Office; and adjustments to expenditures to reflect the various stages of ongoing and new projects that SRTA will undertake in the coming year.

A priority of SRTA is to continue its longstanding policies of prudent fiscal management while ensuring long-term financial stability.

Requests for Information

This financial report is designed to provide a general overview of SRTA's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to SRTA's Chief Fiscal Officer at 1255 East Street, Suite 202, Redding, California 96001.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page intentionally left blank.

Shasta Regional Transportation Agency
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	$ 10,051,975	$ -	$ 10,051,975
Accounts receivables	90,548	-	90,548
Due from other governments	1,249,275	-	1,249,275
Other receivables	2,003	-	2,003
Prepaid items	1,221	-	1,221
Deposits	500	-	500
Total current assets	11,395,522	-	11,395,522
Non-current assets:			
Capital assets:			
Nondepreciable	235,000	-	235,000
Depreciable, net of accumulated depreciation	1,500,063	-	1,500,063
Total capital assets, net	1,735,063	-	1,735,063
Total non-current assets	1,735,063	-	1,735,063
Total assets	13,130,585	-	13,130,585
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	180,475	-	180,475
Deferred outflows of resources related to other postemployment benefits	107,940	-	107,940
Total deferred outflows of resources	288,415	-	288,415
LIABILITIES			
Current liabilities:			
Accounts payable	335,764	-	335,764
Due to other governments	1,087,938	-	1,087,938
Deposits payable	4,500	-	4,500
Unearned revenues	3,436,058	-	3,436,058
Accrued interest	5,200	-	5,200
Capital leases, due within one year	54,557	-	54,557
Compensated absences, due within one year	36,539	-	36,539
Total current liabilities	4,960,556	-	4,960,556
Long-term liabilities:			
Capital lease, due in more than one year	643,484	-	643,484
Compensated absences, due in more than one year	46,595	-	46,595
Net pension liability	11,025	-	11,025
Net other postemployment benefits liability	219,219	-	219,219
Total long-term liabilities	920,323	-	920,323
Total liabilities	5,880,879	-	5,880,879
DEFFERED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	126	-	126
Deferred inflows of resources related to other post employment benefits	601	-	601
Total deferred inflows of resources	727	-	727
NET POSITION			
Net investment in capital assets	1,037,022	-	1,037,022
Restricted	6,704,654	-	6,704,654
Unrestricted (deficit)	(204,282)	-	(204,282)
Total net position	$ 7,537,394	$ -	$ 7,537,394

See accompanying Notes to the Basic Financials Statements.

Shasta Regional Transportation Agency
Statement of Activities
For the Year Ended June 30, 2020

		Program Revenues		
Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Total
Governmental Activities:				
Transportation planning and administration	$ 6,262,902	$ 7,500	$ 4,648,854	$ 4,656,354
Local transportation assistance	8,815,647	-	11,418,576	11,418,576
Interest expense	21,196	-	-	-
Total governmental activities	15,099,745	7,500	16,067,430	16,074,930
Total primary government	$ 15,099,745	$ 7,500	$ 16,067,430	$ 16,074,930

See accompanying Notes to the Basic Financials Statements.

Shasta Regional Transportation Agency
Statement of Activities (Continued)
For the Year Ended June 30, 2020

	Net (Expense) Revenues and Changes in Net Position		
Function/Programs	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental Activities:			
Transportation planning and administration	$ (1,606,548)	$ -	$ (1,606,548)
Local transportation assistance	2,602,929	-	2,602,929
Interest expense	(21,196)	-	(21,196)
Total governmental activities	975,185	-	975,185
Total primary government	975,185	-	975,185
Transfers:			
Transfers	100,402	(100,402)	-
Total transfers	100,402	(100,402)	-
Changes in net position	1,075,587	(100,402)	975,185
Net Position:			
Beginning of Year	6,461,807	100,402	6,562,209
End of Year	$ 7,537,394	$ -	$ 7,537,394

See accompanying Notes to the Basic Financials Statements.

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

This page intentionally left blank.

Shasta Regional Transportation Agency
Balance Sheet
Governmental Funds
June 30, 2020

	Local Planning Fund (General Fund)	Special Revenue Funds: Local Transportation Fund	Special Revenue Funds: State Transit Assistance Fund	Total Governmental Funds
ASSETS				
Cash	$ 4,381,148	$ 5,043,325	$ 627,502	$ 10,051,975
Accounts Receivable	90,548	-	-	90,548
Due from other governments	845,588	-	403,687	1,249,275
Other receivables	2,003	-	-	2,003
Prepaid items	1,221	-	-	1,221
Deposits	500	-	-	500
Advances to other funds	-	171,967	-	171,967
Total assets	$ 5,321,008	$ 5,215,292	$ 1,031,189	$ 11,567,489
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 251,826	$ 58,465	$ -	$ 310,291
Payroll and related liabilities	25,473	-	-	25,473
Due to other governments	1,087,938	-	-	1,087,938
Deposits	4,500			4,500
Unearned revenues	3,346,923	89,135	-	3,436,058
Advances from other funds	171,967	-	-	171,967
Total liabilities	4,888,627	147,600	-	5,036,227
Deferred inflows of resources:				
Unavailable revenue	605,773	-	403,687	1,009,460
Total deferred inflows of resources	605,773	-	403,687	1,009,460
Fund Balances:				
Nonspendable	1,721	-	-	1,721
Restricted for highways, transit and non-motorized	-	5,067,692	627,502	5,695,194
Unassigned (deficit)	(175,113)	-	-	(175,113)
Total fund balances	(173,392)	5,067,692	627,502	5,521,802
Total liabilities, deferred inflows of resources, and fund balances	$ 5,321,008	$ 5,215,292	$ 1,031,189	$ 11,567,489

See accompanying Notes to the Basic Financials Statements.

Shasta Regional Transportation Agency
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Amounts reported for governmental activities in the statement of net position are different because:		
Fund balances of governmental funds		$ 5,521,802
Revenues in the Statement of Activities that do not provide current financial resources are not reported as resources in the governmental funds.		1,009,460
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		1,735,063
Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:		
Pension related deferred outflows of resources		180,475
Net pension liability		(11,025)
Pension related deferred inflows of resources		(126)
Net other postemployment benefits ("OPEB") liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:		
OPEB related deferred outflows of resources		107,940
Net OPEB liability		(219,219)
OPEB related deferred inflows of resources		(601)
Interest on long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental fund.		(5,200)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund:		
Capital leases	(698,041)	
Compensated absences	(83,134)	(781,175)
Net position of governmental activities		$ 7,537,394

See accompanying Notes to the Basic Financials Statements.

Shasta Regional Transportation Agency
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Local Planning Fund (General Fund)	Special Revenue Funds: Local Transportation Fund	Special Revenue Funds: State Transit Assistance Fund	Total Governmental Funds
Revenues:				
Sales tax	$ -	$ 9,640,986	$ 1,692,727	$ 11,333,713
Intergovernmental:				
Federal Highway Administration	882,905	-	-	882,905
Federal Transit Administration	183,675	-	-	183,675
RSTP exchange fund	2,804,120	-	-	2,804,120
Planning, Programming and Monitoring	316,708	-	-	316,708
Strategic Planning and Research	12,625	-	-	12,625
SB1	149,699	-	-	149,699
Safe Routes to School/ATP	76,779	-	-	76,779
Low Carbon Transit Operations Program	85,788	-	-	85,788
State of Good Repair	421,860			421,860
Use of money and properties	(89,131)	80,781	19,702	11,352
Charges for services	7,500	-	-	7,500
Other revenue	752	-	-	752
Total revenues	4,853,280	9,721,767	1,712,429	16,287,476
Expenditures:				
Current:				
Planning and administration	5,208,421	873,090	1,578	6,083,089
Transportation programs:				
Street and Roads	-	5,143,800	-	5,143,800
Transit	-	1,869,885	1,748,910	3,618,795
Non-Motorized	-	53,052	-	53,052
Capital outlay	212,262	-	-	212,262
Debt service:				
Principle retirement	52,979	-	-	52,979
Interest	21,592	-	-	21,592
Total expenditures	5,495,254	7,939,827	1,750,488	15,185,569
Excess of revenues over (under) expenditures	(641,974)	1,781,940	(38,059)	1,101,907
Other financing sources (uses):				
Transfers in	617,136		-	617,136
Transfers out	(331,205)	(617,136)	-	(948,341)
Total other financing sources (uses)	285,931	(617,136)	-	(331,205)
Net change in fund balance	(356,043)	1,164,804	(38,059)	770,702
Fund Balances:				
Beginning of year	182,651	3,902,888	665,561	4,751,100
End of year	$ (173,392)	$ 5,067,692	$ 627,502	$ 5,521,802

See accompanying Notes to the Basic Financials Statements.

Shasta Regional Transportation Agency
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2020

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

Net change in fund balances of governmental funds	$	770,702
Revenues in the Statement of Activities that do not provide current financial resources are not reported as resources in the governmental funds.		(212,546)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of the capital transaction is presented below:		
Depreciation		(108,105)
Capital outlay		212,262
Capital contribution, net of related liabilities		431,607
Changes in compensated absences do not use current financial resources and, therefore are not reported as an expenditure in governmental funds.		(14,903)
Pension expense, net of reporting contribution made after measurement date in the amount of $111,204 is reported in the Statement of Activities.		(33,689)
OPEB expense, net of reporting contribution made after measurement date in the amount of $47,059 is reported in the Statement of Activities.		(23,116)
Payments on a capital lease represent use of current financial resource in the governmental funds; therefore, not reported as a expense in the statement of activities.		52,979
Changes in interest do not use current financial resources; therefore, are not reported as an expenditure in the governmental funds.		396
Change in net position of governmental activities	$	1,075,587

See accompanying Notes to the Basic Financials Statements.

Shasta Regional Transportation Agency
Statement of Net Position
Proprietary Funds
June 30, 2020

	Building Rental Enterprise Funds		
	Suite 201	Suite 101	Total
NET POSITION			
Total net position	$ -	$ -	$ -

See accompanying Notes to the Basic Financials Statements.

Shasta Regional Transportation Agency
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Building Rental Enterprise Funds		
	Suite 201	Suite 101	Total
Nonoperating Revenues (Expenses):			
Capital contribution	(75,854)	(355,753)	(431,607)
Transfers:			
Transfers in	107,138	224,067	331,205
Change in net position	31,284	(131,686)	(100,402)
Net Position:			
Beginning of Year	(31,284)	131,686	100,402
End of Year	$ -	$ -	$ -

See accompanying Notes to the Basic Financials Statements.

Shasta Regional Transportation Agency
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Building Rental Enterprise Funds		
	Suite 201	Suite 101	Totals
Noncash Items From Capital and Related Financing Activities:			
Capital assets contributed to governmental activities	$ (196,686)	$ (355,753)	$ (552,439)
Capital leases transferred to governmental activities	$ 119,938	$ -	$ 119,938
Interest payable transferred to governmental activities	$ 894	$ -	$ 894
Noncash Items from Noncapital Financing Activities:			
Cash received from other fund	$ 107,138	$ 224,067	$ 331,205

See accompanying Notes to the Basic Financials Statements.

This page intentionally left blank.

NOTES TO THE BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

Note 1 – Reporting Entity

The Shasta Regional Transportation Agency ("SRTA") was designated as the Shasta County Metropolitan Planning Organization ("MPO") by the Governor of California in 1981.

In 1981, SRTA, the City of Redding, the Redding Area Bus Authority ("RABA"), the City of Anderson, the County of Shasta (the "County"), and Caltrans approved a Memorandum of Understanding outlining legal foundations of the MPO, the planning process, the obligations and responsibilities, the organization makeup, and the funding process.

SRTA is responsible for the development and adoption of transportation policy; review and coordination of transportation planning; a Regional Transportation Plan; and a Regional and Federal Transportation Improvement Program. These planning activities enable the local jurisdictions within the County of Shasta to qualify for a variety of state and federal funding for transportation projects and facilities.

Note 2 – Summary of Significant Accounting Policies

The basic financial statements of SRTA have been prepared in accordance with accounting principles generally accepted of the United States of America ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of SRTA's accounting policies are described below.

A. Basis of Accounting and Measurement Focus

The accounts of SRTA are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

SRTA's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for SRTA accompanied by a total column.

These financial statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of SRTA's assets and liabilities, including capital assets, as well as long-term liabilities, are included in the accompanying Statement of net position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for SRTA in the following categories:

- Charges for services
- Operating grants and contributions

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Change in Fund Balances. An accompanying reconciliation explains the differences in net position as presented in these statements to the net position presented in the Government-Wide Financial Statements.

The governmental funds are accounted for on a spending or *"current financial resources"* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Change in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except for that revenues subject to accrual (generally 60 days after year-end) are recognized when measurable and available. The primary revenue sources, which have been treated as susceptible to accrual by SRTA, are sales tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Revenues from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which SRTA must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to SRTA on a reimbursement basis.

Unavailable revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable and unearned revenues are removed from the Balance Sheet and revenues are recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences.

SRTA reports the following major Governmental Funds:

Local Planning (General) Fund – The Planning Fund is the general operating fund of the Agency and accounts for the revenues collected to provide services and finance the fundamental operations of the Agency. The major revenue sources for this fund are local transportation funds and federal and state planning grants. Expenditures are made for administration, as well as local and regional planning projects.

Local Transportation Special Revenue Fund is used to account for Transportation Development Act revenues, which are claimed by local agencies for pedestrian and bike facilities, transit services, and streets and roads.

State Transit Assistance Special Revenue Fund is used to account for Transportation Development Act revenues, which are claimed by local agencies for transit and transportation planning purposes.

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements

Proprietary funds account for operations (1) that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds are accounted for on a flow of *"economic resources"* measurement focus and accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation are recognized when they are earned, and expenses and deductions are recognized when they are incurred. Non-exchange revenues are recognized when all eligibility requirements have been met. Cost reimbursement grant revenues are recognized when program expenses are incurred in accordance with program guidelines. When non-exchange revenues are received before eligibility requirements at met, they are reported as unearned revenues until earned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing activity. The principal operating revenue of SRTA was rent from a building. Operating expenses for the proprietary fund included general and administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

SRTA reports the following proprietary Funds:

Building Rental Enterprise Funds – these funds account for the financial transactions related to SRTA renting a portion of 1255 East Street in Redding, CA. The Building Rental Enterprise Funds were closed during the year ended June 30, 2020.

B. Cash and Cash Equivalents

SRTA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition.

Certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
    - Overall
    - Custodial Credit Risk
    - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to presents deposits.

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from/to other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e., long-term in nature). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Governmental-Wide Financial Statements as "internal balances".

D. Unearned Revenue

Unearned revenue are reported for resources received before the eligibility requirements are met (excluding time requirements).

E. Capital Assets

Capital assets include general office equipment, furniture and real estate. Capital assets are defined by SRTA as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital asset improvements are recorded as assets.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Office equipment and furniture	5 years
Building and building improvements	15-40 years

F. Compensated Absences

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available resources is reported as an expenditure and related fund liability of the governmental fund responsible for payment. Amounts of vested or accumulated vacation and sick leave and benefits that are not expected to be liquidated with expendable available resources are reported in the non-current portion of the obligations reported in the government-wide statement of net position with corresponding changes in account balances reported as expenses in the statement of activities.

Vacation accruals for non-management employees may not exceed fifty-two (52) times the employee's bi-weekly accrual rate. Management employees may not exceed seventy-eight (78) times the employee's bi-weekly accrual rate. There is no limit on the accrual of sick leave. Upon termination, other than discharge, an employee shall be entitled to payment of a percentage of accumulated sick leaves based on the number of years of service.

G. Overhead

Administrative and office overhead is allocated to each project based on their approved indirect cost rate. Professional and specialized services are charged directly to the applicable project.

Note 2 – Summary of Significant Accounting Policies (Continued)

H. Deferred Outflows and Inflows of Resources

The Statement of Net Position/Balance Sheet reports separate sections for deferred outflows of resources, and deferred inflows of resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

I. Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets and reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the remaining amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, SRTA's policy is to apply restricted net position first.

J. Fund Balances

In the governmental fund financial statements, fund balances are classified in the following categories:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, and items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body and that remain binding unless removed in the same manner. SRTA Board of Directors is considered the highest authority for SRTA.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Board and the Executive Director have the authority to assign amounts to be used for specific purposes.

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Fund Balances (Continued)

Unassigned – This category is for the remaining fund balance.

When both restricted and unrestricted resources are available for use, it is SRTA's policy to use externally restricted resources first, the unrestricted resources-committed, assigned, and unassigned-in order as needed. SRTA has no formal policy of assignment of fund balance. So it is presumed that the order of spending is first committed fund balance, then assigned fund balance, and last of all, unassigned fund balance.

K. Pensions

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 plans and additions to/deductions 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 of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

L. Other Postemployment Benefits

For purposes of measuring the net other postemployment benefits ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions 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 of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

L. Other Postemployment Benefits (Continued)

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized using the straight-line method over five (5) years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

M. Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amount and disclosures. Accordingly, actual results could differ from those estimates.

N. Implementation of GASB New Pronouncements

Guidance (GASB Statement No. 95), to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of provisions in certain GASB Statements and Implementation Guides which became effective or were scheduled to become effective for periods beginning after June 15, 2018, and later. SRTA implemented GASB Statement No. 95 in the fiscal year ended June 30, 2020 and postponed the effective dates of the following relevant GASB Statements:

- GASB Statement No. 87, Leases
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- GASB Statement No. 90, Majority Equity Interests
- GASB Statement No. 91, Conduit Debt Obligations
- GASB Statement No. 92, Omnibus 2020

Note 3 – Cash

At June 30, 2020, cash is classified as follows:

Statement of Net Position:		
Governmental Activities	$	10,051,975

At June 30, 2020, cash consisted of the following:

Petty cash	$	100
Deposits with financial institution		7,500,060
Cash Pooled with Shasta County Treasury		2,551,815
Total cash	$	10,051,975

Note 3 – Cash (Continued)

Demand Deposits

At June 30, 2020, the carrying amount of SRTA’s deposits was $7,500,060 and the bank balance was $6,843,787. The total bank balance was covered by federal depository insurance or by collateral held by SRTA’s agent in SRTA’s name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure SRTA’s cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in SRTA's name.

The market value of pledged securities must equal at least 110% of the SRTA's cash deposits. California law also allows institutions to secure SRTA deposits by pledging first trust deed mortgage notes having a value of 150% of the City’s total cash deposits. SRTA may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation (“FDIC”). SRTA has waived the collateralization requirements for deposits insured by FDIC.

Cash Pooled with Shasta County Treasury

SRTA maintains its State Transit Assistance and Local Transportation Funds cash in the amount of $2,551,815 in the Shasta County Treasury. The County pools these funds with those of other entities in the County and invests the cash. These pooled funds are carried at amortized cost. Interest earned is deposited quarterly into participating funds. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County’s financial statements. The County of Shasta’s financial statements may be obtained by contacting the County of Shasta Auditor-Controller’s office at 1450 Court Street, Room 238, Redding, California 96001. The investment pool is not registered within the Securities and Exchange Commission (“SEC”), and a treasury oversight committee provides oversight to insure that investments comply with the approved County investment policy. At June 30, 2019, the weighted average maturity for the Shasta County Treasury is less than one year. The Shasta County Treasury is not rated by the rating agency. At the year end, the Shasta County Treasury was not exposed to custodial credit risk.

Note 4 – Due From Other Governments

Due from other governments consists mainly of amounts due from State of California in the amount of $1,249,275 for State Transit Assistance revenue and grant revenue. Management believes these amounts to be fully collectible and, accordingly, no allowance for doubtful accounts is required.

Note 5 – Interfund Transactions

A. Transfers In and Out

During the year ended June 30, 2020, the General Fund transferred $331,205 to the Building Rental Enterprise Funds to close out the Building Rental Enterprise Funds as the two enterprise funds no longer met the requirements to be reported as enterprise funds. As part of the transfers, all current liabilities and the advances from Local Transportation Special Revenue Fund (Loan Fund) were transferred to the General Fund. The Local Transportation Special Revenue Fund also transferred $617,136 to the General Fund for SRTA’s portion of Local Transportation Fund allocation.

Note 5 – Interfund Transactions (Continued)

B. Advances To and From Other Funds

SRTA purchased a building at 1255 East Street in Redding, California. The Local Transportation Special Revenue Fund (Loan Fund) advanced $401,349 for the 40% of the square footage of the building that is leased to a for-profit entity. The Suite 101 Building Rental Enterprise Fund is expected, with annual Board approval, to annually return the advances to the Loan Special Revenue Fund with no interest over a seven-year period from net rental income. There is no repayment schedule for the advances. As part of the closing of Building Rental Enterprise Fund, the advance is also transferred to the General Fund.

At June 30, 2020, the advances from the Local Transportation Special Revenue Fund are in the amount of $171,967.

Note 6 – Capital Assets

SRTA purchased a building at 1255 East Street in Redding, California. SRTA occupies approximately 51% percent of the building with 9% available for lease to other governmental or not-for-profit organizations and 40% available for lease to for-profit entities. The original cost of the building was $1,089,599 with an additional $632,113 for remodeling. A portion of the costs in the amount of $622,396, have been allocated to rental operations in propriety activities. The balance of the costs in the amount of $1,099,316, have been allocated to the Planning Fund in governmental activities.

The 51% and 9% of the building were funded by an advanced lease payment from Umpqua Bank for $923,000. After the initial purchase, SRTA restricted the remaining unspent lease proceeds in the amount of $15,355 for future building remodeling costs. The 40% portion of the building leased to a for-profit entity was financed with an advance from the Local Transportation Special Revenue Fund in the amount of $401,349 (See Note 5B) and subsequently transferred to the General Fund.

A summary of changes in capital assets for the governmental activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Transfers	Balance June 30, 2020
Governmental Activities:				
Capital Assets, not being depreciated				
Land	$ 118,722	$ -	$ 116,278	$ 235,000
Depreciable assets:				
Building	1,079,908	-	526,249	1,606,157
Improvements	9,686	-	-	9,686
Equipment and furniture	150,735	212,262	-	362,997
Total depreciable assets	1,240,329	212,262	526,249	1,978,840
Less: accumulated depreciation				
Building	(161,971)	(68,575)	(90,088)	(320,634)
Improvements	(6,463)	(466)	-	(6,929)
Equipment and furniture	(112,150)	(39,064)	-	(151,214)
Total accumulated depreciation	(280,584)	(108,105)	(90,088)	(478,777)
Total depreciable assets, net	959,745	104,157	436,161	1,500,063
Governmental activities capital assets, net	$ 1,078,467	$ 104,157	$ 552,439	$ 1,735,063

Note 6 – Capital Assets (Continued)

	Balance July 1, 2019	Additions	Transfers	Balance June 30, 2020
Business-Type Activities:				
Capital Assets, not being depreciated				
Land	$ 116,278	$ -	$ (116,278)	$ -
Depreciable assets:				
Building	526,249	-	(526,249)	-
Total depreciable assets	526,249	-	(526,249)	-
Less: accumulated depreciation				
Building	(90,088)	-	90,088	-
Total accumulated depreciation	(90,088)	-	90,088	-
Total depreciable assets, net	436,161	-	(436,161)	-
Business-type activities capital assets, net	$ 552,439	$ -	$ (552,439)	$ -

Depreciation expense in the amount of $108,105 for the year ended June 30, 2020 was charged to planning and administrative function for governmental activities.

Note 7 – Due To Other Governments

At June 30, 2020, due to other governments consisted of $1,087,938 payable to the City of Redding for the Regional Surface Transportation Program ("RSTP") exchange fund eligible expenditures.

Note 8 – Unearned Revenue

Unearned revenue mainly includes two years of RSTP funds distributed to SRTA prior to incurring eligible expenditures. Many jurisdictions have not claimed the funds.

Note 9 – Long-term Liabilities

Summary of changes in long-term liabilities for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Transfers	Additions	Deletions	Balance June 30, 2020	Due in One Year	Due in More Than One Year
Governmental Activities:							
Capital Lease	$ 631,082	$ 119,938	$ -	$ (52,979)	$ 698,041	$ 54,557	$ 643,484
Compensated absences	68,231	-	50,022	(35,119)	83,134	36,539	46,595
	$ 699,313	$ 119,938	$ 50,022	$ (88,098)	$ 781,175	$ 91,096	$ 690,079
Business-type Activities:							
Capital Lease	$ 119,938	$ (119,938)	$ -		$ -	$ -	$ -

Note 9 – Long-term Liabilities (Continued)

Capital Leases

In April, 2016 SRTA purchased a portion of a building for occupancy which is included in capital assets at a cost of $573,554 for SRTA planning activities and $108,990 for rental activities. SRTA leases a portion of the building to Umpqua Bank under a Site and Facility Lease until October 1, 2030. The Site and Facility lease required an advanced payment from Umpqua Bank of $923,000. The Site and Facility lease stipulates that Umpqua Bank shall lease the same portion of building back to SRTA under a lease agreement that qualifies as a capital lease for accounting purposes. The lease agreement between Umpqua Bank as the sub-lessor and SRTA as the sub-lessee requires SRTA to pay a total of $923,000 plus interest in semi-annual payments through October, 2030. Interest on the lease is at 2.98%. SRTA holds title to the property. SRTA may prepay the lease payments up to 10% of the outstanding principal component of the lease payments without a prepayment premium.

Future minimum lease payments under the capital lease are as follows:

Year Ended June 30,	Governmental Activities
2021	$ 74,546
2022	74,522
2023	74,497
2024	74,472
2025	74,445
Thereafter	446,066
Total minimum lease payments	818,548
Less amount representing interest	(120,507)
Present value of minimum lease payments	$ 698,041

Compensated Absences

SRTA's liability for vested and unpaid compensated absences (accrued vacation) has been accrued and totaled to $83,134 for governmental activities at June 30, 2020 and are generally liquidated by the Local Planning Fund for the governmental activities.

Note 10 – Retirement Plan

A. General Information about the Pension Plan

Plan Description

SRTA contributes to the California Public Employees' Retirement System ("CalPERS"), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the CalPERS annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814 and from CalPERS's website

Note 10 – Retirement Plan (Continued)

A. General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2019 valuation date, the following employees were covered by the benefit terms:

	Plans	
	Classic	PEPRA
Active employees	6	4
Transferred and terminated employees	1	2
Retired Employees and Beneficiaries	-	-
Total	7	6

Benefit Provided

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic and PEPRA Safety CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay.

Following are the benefit provisions for each plan:

	Plans	
	Classic	PEPRA
Hire Date	Prior to January 1, 2013	On or After January 1, 2013
Benefit Formula	2% @ 55 of the average final 12 months compensation	2% @ 62 of the average final 36 months compensation
Vesting Schedule	5 Years of Service Credit	5 Years of Service Credit
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 55	52 - 67

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with SRTA to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Note 10 – Retirement Plan (Continued)

A. General Information about the Pension Plan (Continued)

Benefits Provided

Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Public agency cost-sharing plans covered by either the Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The contribution rates were as follows:

	Year Ended June 30, 2020		Year Ended June 30, 2019	
Plans	Active Employee Contribution Rate	Employer Contribution Rate	Active Employee Contribution Rate	Employer Contribution Rate
Classic	7.000%	10.868%	7.000%	10.152%
PEPRA	6.500%	7.072%	6.500%	7.266%

B. Net Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2017 actuarial valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table[1]	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Note 10 – Retirement Plan (Continued)

B. Net Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

[1]The mortality table used in 2018 was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to December 2017 Experience Study Report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Change of Assumptions

In 2019, there were no changes of assumptions.

Long-term Expected Rate of Return

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

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

The target allocation shown was adopted by the Board effective July 1, 2017.

Asset class[1]	New Strategic Allocation	Real Return Years 1-10[2]	Real Return Years 11+[3]
Global equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	(0.92)%
	100.00%		

[1]In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
[2]An expected inflation of 2.00% used for this period.
[3]An expected inflation of 2.92% used for this period.

Note 10 – Retirement Plan (Continued)

B. Net Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents SRTA's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what SRTA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

Plan's Aggregate Net Pension Liability/(Asset)		
Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
$ 17,685	$ 11,025	$ 5,528

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability/(Asset)
Balance at: 6/30/18 (Valuation date)	$ 773,953	$ 752,441	$ 21,512
Balance at: 6/30/19 (Measurement date)	1,116,818	1,105,793	11,025
Net Changes during 2018-2019	$ 342,865	$ 353,352	$ (10,487)

The following, is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool for the measurement period ended June 30, 2019.

Note 10 – Retirement Plan (Continued)

B. Net Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2018). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date. Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2019 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2018-19).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of the market value assets.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the measurement date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the measurement date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocate based on the SRTA's share of contributions during measurement period.

SRTA's proportionate share of the net pension liability (assets) was as follows:

June 30, 2018	0.0002232%
June 30, 2029	0.0001076%
Change - Increase (Decrease)	0.0001157%

For the year ended June 30, 2020, SRTA recognized pension expense in the amount of $113,617.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

Note 10 – Retirement Plan (Continued)

B. Net Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The expected average remaining service lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for 2018-2019 measurement period is 3.8 years, which was obtained by dividing the total services years of 530,470 (the sum of the remaining service lifetimes of the active employees) by 140,593, (the total number of participants: active, inactive, and retired.

At June 30, 2020, the SRTA 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
Pension contribution after measurement date	$ 79,928	$ -
Changes of assumptions	150	(53)
Difference between expected and actual experience	220	(18)
Net difference between projected and actual earning on pension plan investments	-	(55)
Adjustment due to differences in proportions	25,407	-
Difference between employer's actual contributions and proportionate share of contributions	74,770	-
Total	$ 180,475	$ (126)

$79,928 reported as deferred outflows of resources related to pensions resulting from the SRTA's contributions made subsequent to the measurement date will be recognized as a reduction of the collective net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources
2021	$ 56,553
2022	28,131
2023	15,726
2024	11
2025	-
Thereafter	-
	$ 100,421

Note 11 – Deferred Compensation Plan

SRTA offers its employees a deferred compensation plan (the "Plan") created in accordance with IRS Code Section 457. Amounts deferred by employees and the related income are held in trust by the plan provider for the exclusive benefit of the participants and their beneficiaries. The amounts are not owned by SRTA nor are they available to SRTA's creditors.

Note 11 – Deferred Compensation Plan (Continued)

The Plan allows employees to make voluntary contributions to the Plan up to the limits prescribed by the IRS. SRTA does not match non-management employee voluntary contributions. SRTA matches management employee voluntary contributions up to 50% of the limits prescribed by IRS regulations. SRTA does not participate in Social Security but participates in a FICA Alternative Plan which requires a 7.5% contribution split between employee and employer. By law, SRTA determines the contribution split. SRTA contributes 6.2% to the FICA Alternative Plan.

In accordance with U.S. GAAP, SRTA is not required to report the value of the plan assets since the assets are held in trust for the exclusive benefit of the participants and their beneficiaries. Consequently, the values of the plan assets and any related liability to plan participants have been excluded from SRTA's financial statements.

Note 12 – Other Postemployment Benefits

A. Plan Description

SRTA's postemployment healthcare plan ("OPEB") provides medical benefits to eligible retired SRTA employees and their beneficiaries pursuant to California Government Code Section 31694 et. Seq. SRTA's OPEB Plan is administered by the CalPERS. Members of the OPEB Plan include retirees of SRTA and of other employer plan sponsors, as well as their eligible dependents. SRTA is considered a plan sponsor.

Retiree medical benefits are also offered to employees eligible for medical insurance as determined by the board of directors and consistent with CalPERS requirements under the state Public Employees' Medical and Hospital Care Act (PEMHCA). SRTA is legally required only to pay the PEMHCA minimum in medical premiums for active and retired employees. However, SRTA has elected to pay amounts above the PEMHCA minimum for full-time employees, administered consistent with PEMHCA standards, as follows:

1. All full-time employees hired prior to July 1, 2012, who retire from the Agency, shall receive up to 100% of the employer-share of medical insurance premiums currently in effect for active employees.

   Alternately, effective July 1, 2016, the employee may elect to participate in Number 3. below. Such election shall be in-lieu of the above offer and in effect and irrevocable upon election made in writing. Participation in this option precludes the employee from receiving any Agency retiree premium payment above the required PEMHCA minimum.

2. All full-time employees hired between July 1, 2012, and June 30, 2016, who retire from the Agency, shall receive 25% of the employer-share medical premiums after five years of service. Vesting will continue at 2.5% per year until fifteen years of total service at which time the employee is fully vested at a 50% maximum contribution rate.

   Alternately, effective July 1, 2016, the employee may elect to participate in Number 3. below. Such election shall be in-lieu of the above offer and in effect and irrevocable upon election made in writing. Participation in this option precludes the employee from receiving any Agency retiree premium payment above the required PEMHCA minimum.

3. All other employees who qualify for CalPERS medical insurance under this section may elect to participate in an in-lieu retiree medical plan where the Agency will match up to 3% of an employee's annual compensation to a retirement savings plan on a dollar-for-dollar basis. The employee shall immediately vest in all Agency contributions. Eligible retirement savings plans made available by the Agency include IRS Section 457 and 401(a) plans, and may include other plans approved by the board of directors.

Note 12 – Other Postemployment Benefits (Continued)

A. Plan Description (Continued)

4. The health plans can include coverage for an eligible spouse and/or dependents. After a member's death, a surviving spouse is eligible to continue coverage. The maximum subsidy for a surviving spouse is the same as it is for a retiree.

5 SRTA will pay 58% of the premium for spousal coverage and 62% of the premium for other dependent coverage.

6. The health plans can include coverage for an eligible spouse and/or dependents. After the member's death, a surviving spouse is eligible to continue health plan coverage. SRTA will pay 58% of the premium for spousal coverage and 62% of the premium for other dependent coverage.

7. If a member is eligible for a disability retirement benefit, the member can receive a monthly health plan subsidy of $187 per month or a $15 per year of service, whichever is greater

B. Eligibility

Employees of the Agency are eligible for retiree health benefits if they are a vested member of CalPERS. Membership in the plan consisted of the following at June 30, 2019, valuation date:

Inactive employees receiving benefits	2
Participating active employees	10
Total	12

C. Contribution

SRTA, as a plan sponsor, determines the contributions into CalPERS to fund the OPEB Plan. SRTA has decided to pay the liability on pay-as-you go basis. During fiscal year 2019-20, SRTA contributed $11,017 toward post-retirement health insurance and requested reimbursement from CalPERS California Employers' Retirement Benefit Trust ("CERBT").

D. Net OPEB Liability

SRTA's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial assumptions

The June 30, 2019 actuarial valuation was rolled forward to determine the total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age actuarial cost method
Investment Rate of Return/Discount Rate	7.00%
Healthcare Cost Trend	4.00%
Payroll Increase	2.75%
Mortality Rate Table	2014 CalPERS Active Mortality for Miscellaneous Employees

Note 12 – Other Postemployment Benefits (Continued)

D. Net OPEB Liability (Continued)

Actuarial assumptions (Continued)

Retirement Rate	Hired < 1/1/2013: 2009 CalPERS 2.0%@ 55 Rates for Misc. Employees Hired > 12/31/2012: 2009 CalPERS 2.0%@ 60 Rates for Misc. Employees adjusted to reflect minimum retirement age of 52
Service Requirement	100% at 5 Years of Service
Medical Costs	Future Retirees Pre-65 $1,5650 Future Retirees Post-65 $1,650
Participation Rate	< 65 Non-Medicare Participation % at 80% > 65 Medicare Participation % at 80%
Turnover	2009 CalPERS Turnover for Miscellaneous Employees

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that SRTA’s contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table is the assumed asset allocation and assumed rate of return using geometric means:

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	59.00%	7.795%
All Fixed Income	25.00%	4.500%
Real Estate Invesmtnet Trusts	8.00%	7.500%
All Commodities	3.00%	7.795%
Treasury Inflation Protected Securities (TIPS)	5.00%	3.250%
Total	100.00%	

Note 12 – Other Postemployment Benefits (Continued)

E. Change in the Net OPEB Liability

	Increase (Decrease)		
	Plan Total OPEB Liability	**Plan Fiduciary Net Position**	**Plan Net OPEB Liability/(Asset)**
Balance at June 30, 2018	$ 251,106	$ 116,158	$ 134,948
Changes Recognized for the Measurement Period:			
Service Cost	6,325	-	6,325
Interest on the total OPEB liability	17,498	-	17,498
Expected investment income	-	9,080	(9,080)
Changes of benefit terms	-	-	-
Changes of assumptions	98,705	-	98,705
Difference between expected and actual experience	17,850	-	17,850
Contributions from the employer	-	47,059	(47,059)
Benefit payments, including refunds of employee contributions	(11,623)	(11,623)	-
Administrative expense	-	(32)	32
Net Changes during July 1, 2018 to June 30, 2019	128,755	44,484	84,271
Balance at June 30, 2019 (Measurement Date)	$ 379,861	$ 160,642	$ 219,219

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current discount rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% (6.00%)	**Current Discount Rate (7.00%)**	**Discount Rate + 1% (8.00%)**
$ 274,167	$ 219,219	$ 175,039

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current trend rate:

Plan's Net OPEB Liability/(Asset)		
Trend Rate - 1% (3.00%)	**Current Trend Rate (4.00%)**	**Trend Rate + 1% (5.00%)**
$ 174,289	$ 219,219	$ 274,046

F. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the Agency recorded OPEB expense of $23,116. At June 30, 2020, SRTA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Note 12 – Other Postemployment Benefits (Continued)

F. OPEB Expense and Deferred Outflows of Resources Related to OPEB (Continued)

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 91,227	$ -
Difference between expected and actual experience	16,713	-
Projected earnings on pension plan investments under / (excess of) actual earnings	-	(601)
Total	$ 107,940	$ (601)

Deferred outflows of resources related to OPEB resulting from Agency's contributions subsequent to the measurement date are recognized as a reduction of the net OPEB liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources
2021	$ 8,631
2022	8,631
2023	8,632
2024	8,909
2025	8,851
Thereafter	63,685
	$ 107,339

Note 13 – Risk Management

SRTA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. These risks are covered by commercial insurance purchased from Alliant Insurance Services, Inc. There have been no reductions in insurance coverage as compared to the previous year, and. for the past fiscal year, no settlement amounts have occurred.

SRTA's insurance coverage with Associated Industries Insurance Co. is as follows:

Insurance	Amount
Personal Injury	$ 2,000,000
Public Officials Errors and Omissions	2,000,000
Products/Completed Operations	2,000,000
Employment Practices	2,000,000
Crime	1,000,000
Property	25,000,000
Workers' Compensation	1,000,000

Note 14 – Commitments and Contingencies

A. Litigations

There are currently no claims and legal actions pending against SRTA.

B. Grants

SRTA received federal and state financial assistance from the California Department of Transportation ("Caltrans"). This financial assistance is provided to SRTA as a reimbursement of expenditures incurred in the administration of certain programs. Federal and state financial assistance is recognized as revenue at the time related expenditures are incurred, not when the funds are actually received. Although SRTA's financial assistance programs have been audited through June 30, 2020, in accordance with the provisions of Uniform Guidance, these programs may be subject to further financial and compliance audits by the reimbursing agencies.

C. Commitments

As of June 30, 2020, SRTA has significant outstanding commitments over $10,000 as follows:

Commitments	Committed	Spent
SCS Implementation Technical Support	$ 249,996	$ 52,155
Sustainable Shasta	450,612	401,107
Public Information & Participation	99,179	67,455

D. COVID-19

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on SRTA and the duration cannot be reasonably estimated at this time.

Note 15 – Other Required Disclosures

A. Expenditures over Appropriation

During the year ended June 30, 2020, SRTA had expenditures over appropriation for the following:

	Appropriation	Expenditures	Expenditure over Appropriation
General Fund:			
Planning and administration	2,769,782	5,208,421	(2,438,639)
Capital outlay	73,600	212,262	(138,662)
Local Transportation Special Revenue Fund:			
Planning and administration	617,134	873,090	(255,956)
Transportation program - transit	520,968	1,869,885	(1,348,917)
State Transit Assistance Special Revenue Fund:			
Planning and administration	-	1,578	(1,578)

Note 15 – Other Required Disclosures (Continued)

B. Deficit Fund Balance

At June 30, 2020, the General Fund had unassigned deficit of $175,113 as result of not receiving reimbursement in the amount of $605,773 from Caltrans for expenditures incurred within 60 days of year end. The deficit will be eliminate as the reimbursement is received in the next fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

This page intentionally left blank.

Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Local Planning Fund (General Fund)
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental:				
Federal Highway Administration	$ 919,919	$ 653,597	$ 882,905	$ 229,308
Federal Transit Administration	416,081	501,323	183,675	(317,648)
Planning, Programming and Monitoring	342,936	237,530	316,708	79,178
RSTP exchange fund	2,460,637	1,461,700	2,804,120	1,342,420
Strategic Planning and Research	12,625	12,625	12,625	-
Strategic Planning and Research	277,225	277,225	149,699	(127,526)
Safe Routes to School/ATP	-	-	76,779	76,779
Low Carbon Transit Operations Program	300,000	300,000	85,788	(214,212)
State of Good Repair	240,977	240,977	421,860	180,883
Interest income	-	-	(89,131)	(89,131)
Charge for services	-	-	7,500	7,500
Other revenue	-	-	752	752
Total revenues	4,970,400	3,684,977	4,853,280	1,168,303
Expenditures:				
Current:				
Planning and administration	3,542,740	2,769,782	5,208,421	(2,438,639)
Capital outlay	73,600	73,600	212,262	(138,662)
Debt service:				
Payments on capital lease	57,336	57,336	52,979	4,357
Interest	24,800	24,800	21,592	3,208
Total expenditures	3,698,476	2,925,518	5,495,254	(2,569,736)
Excess of revenues over (under) expenditures	1,271,924	759,459	(641,974)	(1,401,433)
Other Financing Sources:				
Transfers in	617,134	617,134	617,136	2
Transfers out	-	-	(331,205)	(331,205)
Total other financing sources	617,134	617,134	285,931	(331,203)
Net change in fund balance	$ 1,889,058	$ 1,376,593	(356,043)	$ (1,732,636)
Fund Balance:				
Beginning of Year			182,651	
End of Year			$ (173,392)	

Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Local Transportation Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Sales tax	$ 8,164,118	$ 8,164,118	$ 9,640,986	$ 1,476,868
Interest income	-	-	80,781	80,781
Total revenues	8,164,118	8,164,118	9,721,767	1,557,649
Expenditures:				
Current:				
Planning and administration	617,134	617,134	873,090	(255,956)
Transportation Programs:				
Street and roads	6,137,367	6,137,367	5,143,800	993,567
Transit	520,968	520,968	1,869,885	(1,348,917)
Non-Motorized	198,466	198,466	53,052	145,414
Total expenditures	6,856,801	6,856,801	7,939,827	(1,083,026)
Excess of revenues over (under) expenditures	1,307,317	1,307,317	1,781,940	474,623
Other Financing Use:				
Transfers out	(617,136)	(617,136)	(617,136)	-
Total other financing uses	(617,136)	(617,136)	(617,136)	-
Net change in fund balance	$ 690,181	$ 690,181	1,164,804	$ 474,623
Fund Balance:				
Beginning of Year			3,902,888	
End of Year			$ 5,067,692	

Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - State Transit Assistance Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Sales tax	$ 1,729,751	$ 1,729,751	$ 1,692,727	$ (37,024)
Interest income	-	-	19,702	19,702
Total revenues	1,729,751	1,729,751	1,712,429	(17,322)
Expenditures:				
Current:				
Planning and administration	-	-	1,578	(1,578)
Transportation programs:				
Transit	2,331,877	2,331,877	1,748,910	582,967
Total expenditures	2,331,877	2,331,877	1,750,488	581,389
Excess of revenues over (under) expenditures	(602,126)	(602,126)	(38,059)	564,067
Net change in fund balance	$ (602,126)	$ (602,126)	(38,059)	$ 564,067
Fund Balance:				
Beginning of Year			665,561	
End of Year			$ 627,502	

This page intentionally left blank.

Budgetary and Budgetary Accounting

The operating budget for SRTA is prepared on a basis consistent with generally accepted accounting principles and is adopted as a part of the Overall Work Program for SRTA. The executive director is authorized to transfer budget amounts between accounts within any element of the Overall Work Program. Any revisions which alter the total expenditures of any element require approval by the Board of Directors and Caltrans.

Budgets are adopted annually on the accrual basis for all Governmental Funds. Amendments to the adopted budget require SRTA's Board approval. Reported budget amounts are as originally adopted and subsequently amended. Annual appropriations lapse at fiscal year end.

Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2020

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018[1]
Proportion of the net pension liability	0.00019%	-0.00040%	0.00022%	0.00030%	0.00022%
Proportionate share of the net pension liability/(assets)	$ 11,798	$ (2,960)	$ 7,870	$ 30,218	$ 21,512
Covered payroll	$ 495,433	$ 577,751	$ 646,302	$ 714,715	$ 746,858
Proportionate share of the net pension liability as percentage of covered payroll	2.38%	-0.51%	1.22%	4.23%	2.88%
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	85.66%	101.67%	97.61%	94.55%	97.22%

[1] Historical information is presented only for measurement periods for which GASB 68 is available for periods after GASB 68 implementation in 2013-14.

Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Measurement Date	June 30, 2019
Proportion of the net pension liability	0.00011%
Proportionate share of the net pension liability/(assets)	$ 11,025
Covered payroll	$ 843,236
Proportionate share of the net pension liability as percentage of covered payroll	1.31%
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	99.01%

Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2020

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

	2013-14[1]	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution	$ 55,298	$ 64,257	$ 56,173	$ 62,807	$ 65,698
Contributions in relation to the actuarially determined contributions	(74,697)	(64,257)	(56,173)	(62,819)	(65,698)
Contribution deficiency (excess)	$ (19,399)	$ -	$ -	$ (12)	$ -
Covered payroll	$ 495,433	$ 577,751	$ 646,302	$ 714,715	$ 746,858
Contributions as a percentage of covered payroll	11.16%	11.12%	8.69%	8.79%	8.80%

[1] Historical information is presented only for measurement periods for which GASB No. 68 is available for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

Notes to Schedule:

Benefit Changes: There were no changes to the benefit terms.

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

	2018-19	2019-20
Actuarially determined contribution	$ 111,204	$ 79,928
Contributions in relation to the actuarially determined contributions	(111,204)	(79,928)
Contribution deficiency (excess)	$ -	$ -
Covered payroll[2]	$ 843,236	$ 866,425
Contributions as a percentage of covered payroll	13.19%	9.23%

[2] Payroll from prior year 2019-20 was assumed to increase by the 2.75 percent payroll growth assumption.

Notes to Schedule:

Benefit Changes: There were no changes to the benefit terms.

Changes of Assumptions: In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits and Related Ratios
For the Year Ended June 30, 2020

Last Ten Fiscal Years

Other Postemployment Benefits (OPEB)

Measurement Date	June 30, 2017[1]	June 30, 2018	June 30, 2019
Total OPEB liability			
Service cost	$ 5,991	$ 6,156	$ 6,325
Interest	15,440	16,483	17,498
Benefit payments	(5,558)	(8,103)	(11,623)
Change of assumptions	-	-	98,705
Difference between expected and actual experience	-	-	17,850
Other	-	256	-
Net change in total OPEB liability	15,873	14,792	128,755
Total OPEB liability - beginning	220,441	236,314	251,106
Total OPEB liability - ending (a)	$ 236,314	$ 251,106	$ 379,861
OPEB fiduciary net position			
Employer contributions	$ 33,235	$ 256	$ 47,059
Employee contributions	-	-	-
Actual investment income	8,161	9,161	9,080
Administrative expense	(43)	(213)	(32)
Benefit payments	(5,558)	(8,103)	(11,623)
Net change in plan fiduciary net position	35,795	1,101	44,484
Plan fiduciary net position - beginning	79,262	115,057	116,158
Plan fiduciary net position - ending (b)	115,057	116,158	160,642
Plan net OPEB liability - ending (a) - (b)	$ 121,257	$ 134,948	$ 219,219
Plan fiduciary net position as a percentage of the total OPEB liability	48.69%	46.26%	42.29%
Covered payroll	$ 717,265	$ 746,858	$ 843,236
Plan net OPEB liability as a percentage of covered payroll	16.91%	18.07%	26.00%

[1] Historical information is presented only for measurement periods for which GASB 75 is available for periods after GASB 75 implementation in 2016-17.

Notes to Schedule:

Benefit Changes: There were no changes to the benefit terms.

Change in Assumptions: There were no changes to assumptions.

Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits
For the Year Ended June 30, 2020

Last Ten Fiscal Years

Other Postemployment Benefits (OPEB)

	2016-17[1]	2017-18	2018-19	2019-20
Actuarially determined contribution[2]	$ 23,235	$ -	$ -	$ -
Contributions in relation to the actuarially determined contributions	(33,235)	(49,363)	(47,059)	-
Contribution deficiency (excess)	$ (10,000)	$ (49,363)	$ (47,059)	$ -
Covered payroll	$ 717,265	$ 746,858	$ 769,263	$ 843,236
Contributions as a percentage of covered employee payroll	4.63%	6.61%	6.12%	0.00%

[1] Historical information is presented only for

[2] The June 30, 2015 actuarial valuation provided the actuarially determined contributions for the fiscal year ended June 30, 2017. There is no actuarially determined contribution for the fiscal years ended June 30, 2018, 2019 and 2020. SRTA contributed on pay-as-you go basis.

Notes to Schedule:

Valuation date:	June 30, 2019
<u>Methods and assumptions used to determine contribution rates:</u>	
Actuarial cost method	Entry Age Actuarial Cost Method
Discount rate	7.00%
Service requirement	100% at 5 Years of Service
Inflation	2.75%
Healthcare cost trend rates	4.00%
Payroll increases	2.75%

This page intentionally left blank.

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

Shasta Regional Transportation Agency
Schedule of Allocations and Disbursements
Local Transportation Fund
For the Year Ended June 30, 2020

	Allocations and Disbursements Under Public Utilities Code Sections				
	99233.1	99260	99275	99400 (a) (c) & (d)	Totals
Allocations:					
County of Shasta	$ -	$ -	$ -	$ 2,652,960	$ 2,652,960
City of Redding	-	-	-	1,707,180	1,707,180
City of Anderson	-	-	-	389,184	389,184
City of Shasta Lake	-	-	-	394,476	394,476
Redding Area Bus Authority	-	1,173,598	-	-	1,173,598
Shasta Regional Transportation Agency	1,487,508	-	-	-	1,487,508
SRTA (CTSA)	-	-	326,234	-	326,234
Total allocations	$ 1,487,508	$ 1,173,598	$ 326,234	$ 5,143,800	$ 8,131,140
Disbursements:					
County of Shasta	$ -	$ -	$ -	$ 2,652,960	$ 2,652,960
City of Redding	-	-	-	1,707,180	1,707,180
City of Anderson	-	-	-	389,184	389,184
City of Shasta Lake	-	-	-	394,476	394,476
Redding Area Bus Authority	-	1,173,598	-	-	1,173,598
Shasta Regional Transportation Agency	1,487,508	-	-	-	1,487,508
SRTA (CTSA)	-	-	326,234	-	326,234
Total disbursements	$ 1,487,508	$ 1,173,598	$ 326,234	$ 5,143,800	$ 8,131,140

Shasta Regional Transportation Agency
Schedule of Allocations and Disbursements
State Transit Assistance Fund
For the Year Ended June 30, 2020

	California Administrative Code Section 6730(a)
Allocations:	
City of Redding	$ 1,425,822
City of Anderson	72,228
City of Shasta Lake	77,169
County of Shasta	173,691
Total allocations	$ 1,748,910
Disbursements:	
City of Redding	$ 1,425,822
City of Anderson	72,228
City of Shasta Lake	77,169
County of Shasta	173,691
Total disbursements	$ 1,748,910

Shasta Regional Transportation Agency
Schedule of Cost Allocation Plan Reconciliation and Indirect Cost Rate Carryover
For the Year Ended June 30, 2020

Direct Expenses for the year ended June 30, 2020	$	819,829
Approved Indirect cost rate for June 30, 2020		72.39%
Total allocable indirect expenses at June 30, 2020		593,474
Actual indirect expenses at June 30, 2020		694,077
Under (over) recovered indirect expenses at June 30, 2020	$	100,603

Shasta Regional Transportation Agency
Schedule of Cost Allocation Plan Reconciliation and Indirect Cost Allocation Carryover
For the Year Ended June 30, 2020

	Actual Expense	Direct Expense	Indirect Expense
Direct expenses:			
Salaries	$ 856,451	$ 543,781	$ 312,670
PTO	70,767	-	70,767
Employee benefits	339,038	276,048	62,990
Total salaries and employee benefits	1,266,256	819,829	446,427
Advertising	2,071	929	1,142
Bank Charges	4,547	-	251
Communication	13,169	760	12,409
Computer Support	32,713	435	32,278
Copier	2,245	-	2,245
Consultants	759,249	759,249	-
Depreciation	108,092	23,022	85,070
Dues and Subscriptions	10,547	3,715	6,832
Education and Training	8,748	7,799	949
Insurance	14,634	-	14,634
Interest	21,196	7,755	13,441
Licenses	12,195	11,876	319
Meetings	60	60	-
Postage	1,349	544	805
Professional Services	81,836	57,866	23,970
Public Notice	3,821	2,837	984
Repairs and Maintenance	18,717	4,980	13,737
Security	7,686	1,990	5,696
Software	7,761	2,400	5,361
Supplies	42,190	29,514	12,676
Taxes	197	197	-
Travel	15,918	9,629	6,289
Utilities	10,392	1,830	8,562
Total expenses	$ 2,445,589	$ 1,747,216	$ 694,077

Shasta Regional Transportation Agency
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Pass Through to Subrecipients
U.S. Department of Transportation				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research				
Pass-through the State of California Department of Transportation:				
Federal Highway Administration - Metropolitan Planning	20.505	74A0821	$ 524,720	$ 96,273
Federal Transit Administration - Metropolitan Planning	20.505	74A0821	280,471	-
Federal Highway Administration Strategic Planning & Research	20.505	74A0821	-	-
Total Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research			805,191	96,273
Formula Grants for Rural Areas				
Pass-through the State of California Department of Transportation:				
Federal Transit Administration - 5303	20.509	74A0821	149,946	
Total Formula Grants for Rural Areas			149,946	-
Total U.S. Department of Transportation			955,137	96,273
Total Expenditures of Federal Awards			$ 955,137	$ 96,273

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

This page intentionally left blank.

Shasta Regional Transportation Agency
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Note 1 – Reporting Entity

The financial reporting entity, as defined by the Governmental Accounting Standards Board ("GASB") Codification, consists of the primary government, which is the Shasta Regional Transportation Agency ("SRTA"), for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the SRTA's financial statements to be misleading or incomplete.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

Funds received under the various grant programs have been recorded within the Local Planning (General) Fund of SRTA. SRTA utilizes the modified accrual basis of accounting for the Local Planning (General) Fund. The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards ("Uniform Guidance"). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of SRTA's basic financial statements.

Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all federal financial assistance programs of SRTA, including federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through the State of California Department of Transportation. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of SRTA.

Indirect Cost Rate

The Agency did not elect to use the 10% de minimis indirect cost rate.

Note 3 – Subrecipients

CFDA Numbers	Program Name/Subrecipient Names	Amount Provided to Subrecipients
20.505	Federal Highway Administration - Metropolitan Planning	
	City of Redding	$ 96,273

Shasta Regional Transportation Agency
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I – Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	**Unmodified**
Internal control over financial reporting:	
• Material weakness(es) identified?	**No**
• Significant deficiency(ies) identified?	**None Reported**
Noncompliance material to financial statements noted?	**No**

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	**No**
• Significant deficiency(ies) identified?	**None Reported**
Type of auditors' report issued on compliance for major federal programs:	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	**No**

Identification of major federal programs:

CFDA Numbers	Name of Federal Program or Cluster	Federal Expenditures
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	805,191
	Total Expenditures of All Major Federal Programs	$ 805,191
	Total Expenditures of Federal Awards	$ 955,137
	Percent of Total Expenditures of Federal Awards	84.30%

Dollar threshold used to distinguish between type A and type B programs:	**$750,000**
Auditee qualified as a low-risk auditee under 2 CFR 200.520?	**Yes**

Section II – Financial Statement Findings

A. Current Year Findings - Financial Statement Audit

No current year findings were noted.

B. Prior Year Findings - Financial Statement Audit

No prior year findings were note.

Section III – Federal Award Findings and Questioned Costs

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit

No current year findings were noted.

Section III – Federal Award Findings and Questioned Costs

B. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit

No prior year findings were noted.