

Shasta Regional Transportation Agency

Redding, California

Financial Statements and Independent Auditors' Reports

For the Year Ended June 30, 2019

Prepared by:
Chief Financial Officer

DRAFT 10.11.2019 v2

Shasta Regional Transportation Agency
For the Year Ended June 30, 2019

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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, 2019, and the related notes to the 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, 2019, 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.

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 - Pension, the Schedule of Changes in Net OPEB Liability and Related Ratios, and the Schedule of the Contributions - OPEB on **pages 13 through 17 and 63 through 70** 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 February 20, 2019 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.

To the Board of Directors
of the Shasta Regional Transportation Agency
Redding, California
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Santa Ana, California
November 1, 2019

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**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, 2019, and the related notes to the financial statements, which collectively comprise SRTA's basic financial statements, and have issued our report thereon dated November 1, 2019.

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") to determine the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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.

Santa Ana, California
November 1, 2019

**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, 2019.

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 Guidebook – Statutes and California Codes of Regulations, April, 2013, issued by the California Department of Transportation Division of 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, 2019.

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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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.

Santa Ana, California
November 1, 2019

**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, 2019. 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, 2019.

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 deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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.

Santa Ana, California
November 1, 2019

Shasta Regional Transportation Agency

Management's Discussion and Analysis (Unaudited)

Year Ended June 30, 2019

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, 2019. 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 \$5,510,779.
- SRTA's net position increased by \$1,874,373 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 \$3,777,233 an increase of \$1,076,073 in comparison with the prior fiscal year. None of this total amount is available for spending at the Agency's discretion.
- At the end of the current fiscal year, unassigned fund balance for the Local Planning Fund was negative, (\$49,929) or -2.17% of total Local Planning Fund expenditures. The negative fund balance is due primarily due to reimbursements from the state not being received within 60 days of year end.

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 21-22 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.

Shasta Regional Transportation Agency
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2019

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 27-30 of this report.

At June 30, 2019, SRTA's governmental fund reported total fund balance of \$3,777,233, an increase of \$1,076,073 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 31-33 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 35-59 of this report.

Shasta Regional Transportation Agency
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2019

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, 2018 and 2019:

Net Position
June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 12,332,745	\$ 6,918,017	\$ -	\$ 52,390	\$ 12,332,745	\$ 6,970,406
Internal balance	331,205	386,960	(331,205)	(386,960)	-	-
Capital assets	1,078,467	1,129,584	552,439	575,467	1,630,906	1,653,934
Total assets	13,742,417	8,434,561	221,234	240,896	13,963,651	8,624,340
Deferred outflows of resources	271,820	285,780	-	-	271,820	285,780
Long-term liabilities	786,255	820,572	111,477	119,938	897,732	940,510
Other liabilities	6,935,700	2,495,256	9,355	12,210	6,945,055	2,507,465
Total liabilities	7,721,955	3,315,828	120,832	132,147	7,842,787	3,447,975
Deferred inflows of resources	1,111	2,484	-	-	1,111	2,484
Net position:						
Net investment in capital assets	447,385	455,272	432,501	447,313	879,886	851,468
Restricted	5,781,866	4,865,013	-	-	5,781,866	4,865,013
Unrestricted	61,920	81,744	(332,099)	(338,564)	(270,179)	(256,821)
Total net position	\$ 6,291,171	\$ 5,402,029	\$ 100,402	\$ 108,749	\$ 6,391,573	\$ 5,459,661

SRTA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,510,779 at the close of the current fiscal year. Overall, capital assets experienced a decrease of (\$48,358) from prior fiscal year due to depreciation of assets of \$77,470 and the purchase of assets of \$29,112.

During the current fiscal year, SRTA's increase in net position was \$1,874,373. This increase is due to a rise of sales taxes contributing to higher local transportation assistance and state transportation assistance.

Shasta Regional Transportation Agency
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2019

The following table demonstrates the changes in SRTA's net position for the year ended June 30, 2018 and 2019:

Changes in Net Position
For the Years Ended June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 3,237	\$ 2,914	\$ 49,722	\$ 66,744	\$ 52,959	\$ 69,658
Operating grants and contributions	11,328,148	11,577,303	-	-	11,328,148	11,577,304
General revenue:						
Investment earnings	27,089	1,586	-	-	27,089	1,586
Total revenues	11,358,474	11,581,802	49,722	66,744	11,408,196	11,648,548
Expenses:						
Trans. plan./local assistance	10,469,332	9,724,912	-	-	10,469,332	9,724,912
Building rental	-	-	58,070	49,263	58,070	49,263
Total expenses	10,469,332	9,724,912	58,070	49,263	10,527,402	9,774,175
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	889,142	1,856,892	(8,348)	17,481	880,794	1,874,373
Net position - beginning of year	5,402,029	3,545,138	108,749	91,268	5,510,778	3,653,887
Net position - end of year	\$ 6,291,171	\$ 5,402,029	\$ 100,401	\$ 108,749	\$ 6,391,572	\$ 5,528,260

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.

The Local Planning Fund is the General Fund of SRTA. At the end of the current fiscal year, total fund balance was (\$49,130), none of which is available to spend at the government's discretion. As a measure of the Local Planning Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents -2.14% of total expenditures.

During the current fiscal year, SRTA's Local Planning Fund balance decreased by (\$58,343). This is due to the purchase costs of capital assets and the limitations in recognizing revenue collected more than sixty days after year end.

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.

The Local Planning Fund revenues collected within sixty days of year end were less than anticipated which required a draw upon existing fund balances. At the end of the fiscal year, the Local Planning Fund experienced a decrease in available fund balance of (\$49,130).

Shasta Regional Transportation Agency
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2019

Capital Assets and Debt Administration

Capital Assets - SRTA's capital assets as of June 30, 2019, amounts to \$1,705,051, net of accumulated depreciation. Capital assets includes office equipment, furniture, software and a building. The decrease in SRTA's Capital was primarily due to an increase of depreciation of assets.

Capital Assets (Net of Depreciation)
June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 118,722	\$ 118,722	\$ 116,278	\$ 116,278	\$ 235,000	\$ 235,000
Building	917,937	962,263	436,161	459,186	1,354,098	1,421,449
Improvements	3,223	3,689	-	-	3,223	3,689
Equipment and furniture	38,585	44,910	-	-	38,585	44,910
Total capital assets	\$ 1,078,467	\$ 1,129,584	\$ 552,439	\$ 575,464	\$ 1,630,906	\$ 1,705,048

Additional information on SRTA's capital assets can be found in Note 6 on page 44 of this report.

Debt Administration – As of June 30, 2019 SRTA's debt totaled \$802,465, a decrease of \$49,957 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, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Capital leases	\$ 631,082	\$ 674,312	\$ 119,938	\$ 128,153	\$ 751,020	\$ 802,465

Additional information on SRTA's outstanding debt can be found in Note 8 on page 45-46 of this report.

Economic Factors and Next Fiscal Year's Budgets and Rates

The revenue and expenditure projections incorporated into the fiscal year 2019-20 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. The adopted budget for fiscal year 2019-20 projects no increase in fund balance of (\$60,805).

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 Finance Officer at 1255 East Street, Suite 202, Redding, California 96001.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Shasta Regional Transportation Agency
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Current assets:			
Cash	\$ 11,187,269	\$ -	\$ 11,187,269
Due from other governments	1,145,476	-	1,145,476
Internal balances	331,205	(331,205)	-
Total current assets	12,663,950	(331,205)	12,332,745
Non-current assets:			
Capital assets:			
Nondepreciable	118,722	116,278	235,000
Depreciable, net of accumulated depreciation	959,745	436,161	1,395,906
Total capital assets, net	1,078,467	552,439	1,630,906
Total non-current assets	1,078,467	552,439	1,630,906
Total assets	13,742,417	221,234	13,963,651
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension	224,525	-	224,525
Deferred outflows of resources related to OPEB	47,295	-	47,295
Total deferred outflows of resources	271,820	-	271,820
LIABILITIES			
Current liabilities:			
Accounts payable	141,860	-	141,860
Due to other governments	511,096	-	511,096
Unearned revenues	6,208,524	-	6,208,524
Accrued interest	4,702	894	5,596
Capital leases, due within one year	44,518	8,461	52,979
Compensated absences, due within one year	25,000	-	25,000
Total current liabilities	6,935,700	9,355	6,945,055
Long-term liabilities:			
Capital lease, due in more than one year	586,564	111,477	698,041
Compensated absences, due in more than one year	43,231	-	43,231
Net pension liability	21,512	-	21,512
Net other postemployment benefits liability	134,948	-	134,948
Total long-term liabilities	786,255	111,477	897,732
Total liabilities	7,721,955	120,832	7,842,787
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to OPEB	1,111	-	1,111
Total deferred inflows of resources	1,111	-	1,111
NET POSITION			
Net investment in capital assets	447,385	432,501	879,886
Restricted	5,781,866	-	5,781,866
Unrestricted (deficit)	61,920	(332,099)	(270,179)
Total net position	\$ 6,291,171	\$ 100,402	\$ 6,391,573

Shasta Regional Transportation Agency
Statement of Activities
For the Year Ended June 30, 2019

Function/Programs	Program Revenues			Totals
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Transportation planning and administration	\$ 2,319,781	\$ 3,237	\$ 1,548,804	\$ 1,552,041
Local transportation assistance	8,149,551	-	9,779,344	9,779,344
Total governmental activities	10,469,332	3,237	11,328,148	11,331,385
Business-type Activities:				
Real estate rental	58,070	49,722	-	49,722
Total business-type activities	58,070	49,722	-	49,722
Total primary government	\$ 10,527,402	\$ 52,959	\$ 11,328,148	\$ 11,381,107

Shasta Regional Transportation Agency
Statement of Activities (Continued)
For the Year Ended June 30, 2019

Function/Programs	Net (Expense) Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Totals
Governmental Activities:			
Transportation planning and administration	\$ (767,740)	\$ -	\$ (767,740)
Local transportation assistance	1,629,793	-	1,629,793
Total governmental activities	862,053	-	862,053
Business-type Activities:			
Real estate rental	-	(8,348)	(8,348)
Total business-type activities	-	(8,348)	(8,348)
Total primary government	862,053	(8,348)	853,705
General revenues and transfers:			
Investment income	27,089	-	27,089
Total general revenues	27,089	-	27,089
Changes in net position	889,142	(8,348)	880,794
Net Position:			
Beginning of Year	5,402,029	108,750	5,510,779
End of Year	<u>\$ 6,291,171</u>	<u>\$ 100,402</u>	<u>\$ 6,391,573</u>

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FUND FINANCIAL STATEMENTS

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Shasta Regional Transportation Agency
Balance Sheet
Governmental Funds
June 30, 2019

	Local Planning Fund (General Fund)	Special Revenue Funds		Total Governmental Funds
		Local Transportation Fund	State Transit Assistance Fund	
ASSETS				
Cash	\$ 6,263,585	\$ 3,908,513	\$ 1,015,171	\$ 11,187,269
Due from other governments	814,322	-	331,154	1,145,476
Due from other funds	159,238	-	-	159,238
Advances to other funds	-	171,967	-	171,967
Deposits	-	-	-	-
Total assets	<u>\$ 7,237,145</u>	<u>\$ 4,080,480</u>	<u>\$ 1,346,325</u>	<u>\$ 12,663,950</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 80,268	\$ 61,592	\$ -	\$ 141,860
Due to other governments	161,486	-	349,610	511,096
Unearned revenues	6,172,088	36,436	-	6,208,524
Total liabilities	<u>6,413,842</u>	<u>98,028</u>	<u>349,610</u>	<u>6,861,480</u>
Deferred inflows of resources:				
Unavailable revenue	802,699	-	331,154	1,133,853
Total deferred inflows of resources	<u>802,699</u>	<u>-</u>	<u>331,154</u>	<u>1,133,853</u>
Fund Balances:				
Restricted for highways, transit and non-motorized	-	3,982,452	665,561	4,648,013
Assigned	-	-	-	-
Unassigned	20,604	-	-	20,604
Total fund balances	<u>20,604</u>	<u>3,982,452</u>	<u>665,561</u>	<u>4,668,617</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,237,145</u>	<u>\$ 4,080,480</u>	<u>\$ 1,346,325</u>	<u>\$ 12,663,950</u>

Shasta Regional Transportation Agency
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances of governmental funds		\$	4,668,617
Revenues in the Statement of Activities that do not provide current financial resources are not reported as resources in the governmental funds.			1,133,853
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.			1,078,467
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			224,525
Net pension liability			(21,512)
Pension related deferred inflows of resources			-
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			47,295
Net OPEB liability			(134,948)
OPEB related deferred inflows of resources			(1,111)
Interest on long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental fund.			(4,702)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund:			
Capital leases	(631,082)		
Compensated absences	(68,231)		
Net position of governmental activities		\$	<u>6,291,171</u>

Shasta Regional Transportation Agency
Statement of Revenues, Expenditures, and Change in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Local Planning Fund (General Fund)	Special Revenue Funds		Total Governmental Funds
		Local Transportation Fund	State Transit Assistance Fund	
Revenues:				
Sales tax	\$ -	\$ 8,411,375	\$ 1,302,988	\$ 9,714,363
Intergovernmental:				
Federal Highway Administration	860,843	-	-	860,843
Federal Transit Administration	156,237	-	-	156,237
Planning, Programming and Monitoring	151,929	-	-	151,929
Strategic Planning and Research	61,343	-	-	61,343
Safe Routes to School/ATP	158,420	-	-	158,420
Low Carbon Transit Operations Program	28,837	-	-	28,837
CTSA	35,571	-	-	35,571
State of Good Repair	5,005	-	-	5,005
Interest income	27,089	51,238	13,743	92,070
Charges for services	3,237	-	-	3,237
Other revenue	90,619	-	-	90,619
Total revenues	1,579,130	8,462,613	1,316,731	11,358,474
Expenditures:				
Current:				
Planning and administration	2,010,669	-	-	2,010,669
Transportation programs:				
Street and Roads	-	3,997,716	-	3,997,716
Transit	-	2,997,274	1,398,440	4,395,714
Bike & Pedestrian	-	-	-	-
Non-Motorized	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principle retirement	43,230	-	-	43,230
Interest	19,761	-	-	19,761
Total expenditures	2,073,660	6,994,990	1,398,440	10,467,090
Excess of revenues over (under) expenditures	(494,530)	1,467,623	(81,709)	891,384
Other financing sources (uses):				
Transfers in	564,264	-	-	564,264
Transfers out	-	(564,264)	-	(564,264)
Total other financing sources (uses)	564,264	(564,264)	-	-
Net change in fund balance	69,734	903,359	(81,709)	891,384
Fund Balances:				
Beginning of year	(49,130)	3,079,093	747,270	3,777,233
End of year	\$ 20,604	\$ 3,982,452	\$ 665,561	\$ 4,668,617

Shasta Regional Transportation Agency
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Government-Wide Statement of Activity
For the Year Ended June 30, 2019

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

Net change in fund balances of governmental funds	\$ 891,384
Revenues in the Statement of Activities that do not provide current financial resources are not reported as resources in the governmental funds.	45,274
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	(51,117)
Changes in compensated absences do not use current financial resources and, therefore are not reported as an expenditure in governmental funds.	(22,381)
Pension credit, net of reporting contribution made after measurement date in the amount of \$111,906 is reported in the Statement of Activities.	(702)
OPEB expense, net of reporting contribution made after measurement date in the amount of \$13,824 is reported in the Statement of Activities.	(16,870)
Payments on a capital lease do not represent a current financial resource and, therefore not reported as a use in the statement of activities.	43,230
Changes in interest do not use current financial resources and, therefore are not reported as an expenditure in the governmental funds.	324
Change in net position of governmental activities	<u>\$ 889,142</u>

Shasta Regional Transportation Agency
Statement of Net Position
Proprietary Funds
June 30, 2019

		Building Rental Enterprise Funds		
		Suite 201	Suite 101	Totals
ASSETS				
Capital Assets:				
Nondepreciable		22,560	93,718	116,278
Depreciable		204,426	321,823	526,249
Accumulated depreciation		(30,300)	(59,788)	(90,088)
Total capital assets		<u>196,686</u>	<u>355,753</u>	<u>552,439</u>
Total assets		<u>196,686</u>	<u>355,753</u>	<u>552,439</u>
LIABILITIES				
Current Liabilities:				
Interest payable		894	-	894
Due to other funds		107,138	52,100	159,238
Advance from other fund		-	171,967	171,967
Capital lease, due within one year		8,461	-	8,461
Total current liabilities		<u>116,493</u>	<u>224,067</u>	<u>340,560</u>
Long-term liabilities:				
Capital lease, due in more than one year		111,477	-	111,477
Total liabilities		<u>227,970</u>	<u>224,067</u>	<u>452,037</u>
NET POSITION				
Net investment in capital assets		76,748	355,753	432,501
Unrestricted (deficit)		(108,032)	(224,067)	(332,099)
Total net position		<u>\$ (31,284)</u>	<u>\$ 131,686</u>	<u>\$ 100,402</u>

Shasta Regional Transportation Agency
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Building Rental Enterprise Funds		
	Suite 201	Suite 101	Totals
Operating Revenues:			
Rent revenues	\$ 10,402	\$ 39,320	\$ 49,722
Operating Expenses:			
Depreciation	8,712	14,316	23,028
Repairs and maintenance/taxes/insurance	3,130	25,832	28,962
Utilities	1,013	1,431	2,444
Total operating expenses	12,855	41,579	54,434
Operating income (loss)	(2,453)	(2,259)	(4,712)
Nonoperating Expenses:			
Interest expense	(3,636)	-	(3,636)
Change in net position	(6,089)	(2,259)	(8,348)
Net Position:			
Beginning of Year	(25,195)	133,945	108,750
End of Year	<u>\$ (31,284)</u>	<u>\$ 131,686</u>	<u>\$ 100,402</u>

Shasta Regional Transportation Agency
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Building Rental Enterprise Funds		
	Suite 201	Suite 101	Totals
Cash Flows From Operating Activities:			
Cash received from tenant	\$ 9,402	\$ 39,320	\$ 48,722
Cash paid to suppliers	(4,346)	(29,099)	(33,445)
Net cash provided by operating activities	<u>5,056</u>	<u>10,221</u>	<u>15,277</u>
Cash Flows From Noncapital Financing Activities:			
Cash received from other fund	6,856	52,100	58,956
Cash paid to other fund	-	(114,711)	(114,711)
Net cash provided by (used in) noncapital financing activities	<u>6,856</u>	<u>(62,611)</u>	<u>(55,755)</u>
Cash Flows From Capital and Related Financing Activities:			
Interest paid	(3,697)	-	(3,697)
Principal paid on capital lease	(8,215)	-	(8,215)
Net cash (used in) capital and related financing activities	<u>(11,912)</u>	<u>-</u>	<u>(11,912)</u>
Net decrease in cash and cash equivalents	<u>-</u>	<u>(52,390)</u>	<u>(52,390)</u>
Cash and cash equivalents, beginning of year	<u>-</u>	<u>52,390</u>	<u>52,390</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating loss to net cash provided by operating activities			
Operating income	\$ (2,453)	\$ (2,259)	\$ (4,712)
Adjustment to reconcile operating loss to net cash provided by operating activities:			
Depreciation	8,712	14,316	23,028
Change in assets and liabilities:			
Increase (decrease) in accounts payable	(203)	(1,836)	(2,039)
Increase (decrease) in security deposit	(1,000)	-	(1,000)
Total adjustment	<u>7,509</u>	<u>12,480</u>	<u>19,989</u>
Net cash provided by operating activities	<u>\$ 5,056</u>	<u>\$ 10,221</u>	<u>\$ 15,277</u>

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Shasta Regional Transportation Agency
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

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.

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.

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.

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

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

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.

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

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

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 are 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 is 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.

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Cash, Cash Equivalents, and Investments

SRTA pools its available cash for investment purposes. 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 present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

C. Fair Value Measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosure about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

D. 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".

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Prepaid Items

Certain payments to vendors applicable to future accounting periods are recorded as prepaid items. Prepaid items do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is non-spendable.

F. 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 estimated fair market 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

G. 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.

H. 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.

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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 plus deferred outflows of resources and reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the 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.

Unassigned – This category is for any balances that have no restrictions placed upon them.

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.

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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 (Note 9). 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, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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. Accounting Changes

GASB Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement are effective for periods beginning after June 15, 2017. This statement did not have a significant impact on SRTA's financial statements for the year ended June 30, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. This statement did not have a significant impact on SRTA's financial statements for the year ended June 30, 2018.

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. This statement did not have a significant impact on SRTA's financial statements for the year ended June 30, 2018.

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Use of Estimates

The preparation of financial statements in conformity 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.

Note 3 – Cash

At June 30, 2019, cash is classified as follows:

Governmental Activities	\$ 11,187,269
Business-type Activities	<u>-</u>
Total cash	<u><u>\$ 11,187,269</u></u>

At June 30, 2019, cash and investments consisted of the followings:

Petty cash	\$ 100
Deposits with financial institution	8,602,918
Cash Pooled with Shasta County Treasury	<u>2,584,250</u>
Total cash	<u><u>\$ 11,187,268</u></u>

Demand Deposits

At June 30, 2019, the carrying amount of SRTA's deposits was \$8,602,918. 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 \$2,584,250 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 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, 2018, 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.

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 4 – Due From Other Governments

Due from other governments consists mainly of amounts due from Caltrans in the amount of \$1,145,476 under grant agreements and other revenue sources. Management believes these amounts to be fully collectible and, accordingly, no allowance for doubtful accounts is required.

Note 5 – Interfund Transactions

A. Internal Balances

At June 30, 2019, SRTA had the following internal balances.

Internal Payable	
Business-Type Activities	
Internal Receivable	
Governmental Activities	\$ 331,205

B. Due From/To Other Funds

At June 30, 2019, SRTA had the following due from/to other funds

Due From Other Funds			
Governmental Funds			
	Local Planning Fund	Local Transportation Fund	Total
Due To Other Funds			
Governmental Funds:			
Local Planning Fund	\$ -	\$ -	\$ -
Proprietary Funds:			
Suite 201	159,238	-	159,238
Total	\$ 159,238	\$ -	\$ 159,238

The purpose of due from/to other funds is to cover short-term cash shortfall.

C. Advances To and From

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.

At June 30, 2019, the advances from the Local Transportation Special Revenue Fund are in the amount of \$171,967.

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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 Loan Special Revenue Fund in the amount of \$401,349 (See Note 5).

A summary of changes in capital assets for the governmental activities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities:				
Capital Assets, not being depreciated				
Land	\$ 118,722	\$ -	\$ -	\$ 118,722
Depreciable assets:				
Building	1,079,908	-	-	1,079,908
Improvements	9,686	-	-	9,686
Equipment and furniture	160,603	-	(9,868)	150,735
Total depreciable assets	1,250,197	-	(9,868)	1,240,329
Less: accumulated depreciation				
Building	(117,645)	(44,326)	-	(161,971)
Improvements	(5,997)	(466)	-	(6,463)
Equipment and furniture	(115,693)	(6,325)	9,868	(112,150)
Total accumulated depreciation	(239,335)	(51,117)	9,868	(280,584)
Total depreciable assets, net	1,010,862	(51,117)	-	959,745
Governmental activities capital assets, net	\$ 1,129,584	\$ (51,117)	\$ -	\$ 1,078,467
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	(67,063)	(23,042)	-	(90,105)
Total accumulated depreciation	(67,063)	(23,042)	-	(90,105)
Total depreciable assets, net	459,186	(23,042)	-	436,144
Business-type activities capital assets, net	\$ 575,464	\$ (23,042)	\$ -	\$ 552,422

Depreciation expenses in the amount of \$51,117 and \$23,042 for the year ended June 30, 2019 were charged to planning and administrative function for governmental activities and rental programs for the business-type activities.

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 7 – Due To Other Governments

At June 30, 2019, due to other governments consisted of the following:

City of Redding	19,734
City of Anderson	-
City of Shasta Lake	-
County of Shasta	257,752
Total due to other governments	\$ 277,486

Note 8 – Long-term Liabilities

Summary of changes in long-term liabilities for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due in One Year	Due in More Than One Year
Governmental Activities:						
Capital Lease	\$ 674,312	\$ -	\$ (43,230)	\$ 631,082	\$ 44,518	\$ 586,564
Compensated absences	45,850	48,119	(25,792)	68,177		68,177
	<u>\$ 720,162</u>	<u>\$ 48,119</u>	<u>\$ (69,022)</u>	<u>\$ 699,259</u>	<u>\$ 44,518</u>	<u>\$ 654,741</u>
Business-type Activities:						
Capital Lease	\$ 128,153	\$ -	\$ (8,216)	\$ 119,937	\$ 8,461	\$ 111,476

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.

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-term Liabilities (Continued)

Capital Leases (Continued)

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

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2020	\$ 63,325	\$ 12,035
2021	\$ 63,324	12,035
2022	\$ 63,324	12,035
2023	\$ 63,324	12,035
2024	\$ 506,594	96,279
Thereafter	\$ -	-
Total minimum lease payments	759,890	144,418
Less amount representing interest	(119,405)	(22,693)
Present value of minimum lease payments	<u>\$ 640,485</u>	<u>\$ 121,725</u>

Compensated Absences

SRTA's liability for vested and unpaid compensated absences (accrued vacation) has been accrued and totaled to \$68,177 for governmental activities at June 30, 2019 and are generally liquidated by the Local Planning Fund for the governmental activities.

Note 9 – Retirement Plan

Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources at June 30, 2019 is as follows:

Deferred outflows of resources:	
Pension contribution after measurement date	\$ 111,204
Adjustment due to difference in proportion	37,220
Net difference between projected and actual earnings on pension plan investments	852
Difference between expected and actual experience	4,371
Change in assumption	14,861
Difference between employer contribution and employer's proportionate share of contribution	56,017
Total deferred outflows of resources	<u>\$ 224,525</u>
Net pension liabilities/(assets)	<u>\$ 21,512</u>
Deferred inflows of Resources:	
Total deferred inflows of resources	<u>\$ -</u>
Pension Expense	<u>\$ 111,906</u>

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 9 – Retirement Plan (Continued)

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.

Employees Covered by Benefit Terms

At June 30, 2016 valuation date, the following employees were covered by the benefit terms:

	Plans	
	Classic	PEPRA
Active employees	6	2
Transferred and terminated employees	2	-
Retired Employees and Beneficiaries	-	-
Total	8	2

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.

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 9 – Retirement Plan (Continued)

A. General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

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.

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:

Plans	Year Ended June 30, 2019		Measurement Period 2018-19	
	Active Employee Contribution Rate	Employer Contribution Rate	Active Employee Contribution Rate	Employer Contribution Rate
Classic	10.152%	9.599%	7.000%	10.868%
PEPRA	7.266%	6.908%	6.500%	7.072%

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 9 – Retirement Plans (Continued)

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2017 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
Investment Rate of Return	7.25%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund ("PERF"). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund ("PERF") cash flows. Taking into account historical returns of all the PERF's asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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.

The table in the following page reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 9 – Retirement Plan (Continued)

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

Discount Rate (Continued)

The target allocation shown was adopted by the Board effective July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1-10 ¹	Real Return Years 11+ ²
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	-	0.92%
	<u>100.00%</u>		

Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

²An expected inflation of 2.00% used for this period.

³An expected inflation of 2.92% used for this period.

Sensitivity of the City'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%)
\$ 33,534	\$ 21,512	\$ 10,746

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: 6/30/17 (Valuation date)	\$ 554,493	\$ 524,275	\$ 30,218
Balance at: 6/30/18 (Measurement date)	773,953	752,441	21,512
Net Changes during 2017-2018	219,460	228,166	(8,706)

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 9 – Retirement Plan (Continued)

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

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

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, 2017.

- (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, 2017). 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, 2017 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2016-17).
- (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	0.00030470%
June 30, 2019	0.00022324%
Change - Increase (Decrease)	<u>0.00052794%</u>

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 9 – Retirement Plan (Continued)

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

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

For the year ended June 30, 2019, SRTA recognized pension expense in the amount of \$111,906.

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.

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.

At June 30, 2019, 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	\$ 111,204	\$ -
Difference between expected and actual experience	4,371	-
Changes of assumptions	14,861	-
Net difference between projected and actual earning on pension plan investments	852	-
Adjustment due to differences in proportions	37,220	-
Difference between employer's actual contributions and proportionate share of contributions	56,017	-
Total	<u>\$ 224,525</u>	<u>\$ -</u>

\$111,204 is 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 net pension liability in the year ended June 30, 2019. 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 Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2020	\$ 46,520
2021	3,385
2022	(1,554)
2023	-
2024	-
Thereafter	-
	<u>\$ 48,351</u>

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – 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. 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.

Under the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, 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 11 – 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.

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11 – Other Postemployment Benefits (Continued)

A. Plan Description (Continued)

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.
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

A. Funding Policy

SRTA, as a plan sponsor, determines the contributions into CalPERS to fund the OPEB Plan. SRTA has decided to pay the liability as incurred. During fiscal year 2018-19, expenditures of \$256 were recognized for post-retirement health insurance contributions for the liability.

B. Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of SRTA's Annual OPEB Cost for the fiscal year ended June 30, 2019, the amount actually contributed to the plan, and changes in SRTA's Net OPEB Obligations:

	Increase (Decrease)		
	Plan Total OPEB Liability	Plan Fiduciary Net Position	Plan Net OPEB Liability/(Asset)
Balance at June 30, 2017	\$ 236,314	\$ 115,057	\$ 121,257
Changes Recognized for the Measurement Period:			
Service Cost	6,156	-	6,156
Interest on the total OPEB liability	16,483	-	16,483
Actual investment income	-	9,161	(9,161)
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	256	-	256
Contributions from the employer	-	256	(256)
Benefit payments, including refunds of employee contributions	(8,103)	(8,103)	-
Administrative expense	-	(213)	213
Net Changes during July 1, 2017 to June 30, 2018	14,792	1,101	13,691
Balance at June 30, 2018 (Measurement Date)	\$ 251,106	\$ 116,158	\$ 134,948

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11 – Other Postemployment Benefits (Continued)

C. Funded Status and Funding Progress

As of July 1, 2015, the latest actuarial valuation date, the plan was 17% funded. The actuarial accrued liability for benefits was \$267,594 and the actuarial value of assets was \$44,793 resulting in an actuarial unfunded liability in the amount of \$222,801. The covered payroll (annual payroll of active employees covered by the plan) was \$655,595 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 34%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

D. Actuarial Methods and Assumptions

The actuarial assumptions used in the valuations are intended to estimate the future experience of the members of CalPERS. Any variations in future experience from that expected from these assumptions will affect the estimated costs of health benefits. In the July 1, 2015 actuarial valuation, an open/rolling amortization period of 30 years is used. This is the longest amortization period available and will result in the lowest level of ARC and Net OPEB obligations status for the employers' accounting statements.

The following key assumptions were used in the calculation of the liability for retiree benefits using the Alternative Measurement Method for employers in plans with fewer than 100 plan members:

Actuarial Cost Method – Entry Age
Amortization Method – Level percentage of payroll over a 30 year period
Discount Rate – 7.00%
Healthcare Cost Trend – The ultimate trend rate was 4.0%
Payroll Growth Rate – 3.0%
Long-Term Inflation Rate – 2.75%

Note 12 – 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:

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-\$3,219,144
Workers' Compensation-\$1,000,000

Shasta Regional Transportation Agency
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019, 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, 2019, SRTA has outstanding commitments as follows:

Commitments	Committed	Spent
Performance Measures	28,802	25,216
Air Quality and Climate Adaptation	2,363	1,205
Sustainable Development	101,739	41,835
Bike & Pedestrian Planning	98,058	92,348
GoShasta	117,978	114,207
Public Participation and Information Dissemination	94,057	3,192
Geographic Information Systems Applications	47,923	5,195
Travel Demand Model	51,316	39,544
Public Transportation Development	21,221	20,146
North State Express Connect Business Plan	474,728	157,317
Sunday Service	113,721	40,433
Safe Routes to School Non-Infrastructure Grant/ATP	173,654	72,201
PEV Planning	26,154	18,833
Goods & Freight Movement	50,167	39,447
RCEA Hydrogen	6,727	3,461
Administration of Transportation Development Act	74,731	70,523
North State Super Region	2,368	2,211
Hilltop Corridor	37,227	37,209
	-	-
Micro-Transit	17,804	8,257

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Local Planning Fund (General Fund)
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
Federal Highway Administration	\$ 892,686	\$ 1,089,983	\$ 860,843	\$ (229,140)
Federal Transit Administration	80,142	80,323	156,237	75,914
Planning, Programming and Monitoring	202,992	197,850	151,929	(45,921)
Strategic Planning and Research	17,351	27,489	61,343	33,854
Safe Routes to School/ATP	171,912	171,887	158,420	(13,467)
Low Carbon Transit Operations Program	-	231,865	28,837	(203,028)
State of Good Repair	-	-	5,005	5,005
CTSA	-	-	35,571	35,571
Interest income	-	-	27,089	27,089
Charge for services	3,427	2,500	3,237	737
Other revenue	50,000	50,000	90,619	40,619
Total revenues	1,418,510	1,851,897	1,579,130	(272,767)
Expenditures:				
Current:				
Planning and administration	2,929,320	2,297,000	2,010,669	286,331
Capital outlay	-	-	-	-
Debt service:				
Payments on capital lease	41,979	41,979	43,230	(1,251)
Interest	9,200	9,200	19,761	(10,561)
Total expenditures	2,980,499	2,348,179	2,073,660	274,519
Excess of revenues over (under) expenditures	(1,561,989)	(496,282)	(494,530)	(1,752)
Other Financing Sources (Uses):				
Transfers in	381,565	562,959	564,264	1,305
Transfers out	-	-	-	-
Total other financing sources (uses)	381,565	562,959	564,264	1,305
Net change in fund balance	\$ (1,180,424)	\$ 66,677	69,734	\$ (3,057)
Fund Balances:				
Beginning of Year			(49,130)	
End of Year			<u>\$ 20,604</u>	

Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Local Transportation Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget Positive (Negative)
Revenues:				
Sales tax	\$ 7,957,100	\$ 7,046,736	\$ 8,411,375	\$ 1,364,639
Interest income	-	-	51,238	51,238
Other revenue	-	-	-	-
Total revenues	<u>7,957,100</u>	<u>7,046,736</u>	<u>8,462,613</u>	<u>1,415,877</u>
Expenditures:				
Current:				
Planning and Administration			-	-
Claims paid or payable to claimants				
Street and roads	3,997,726	3,997,726	3,997,716	10
Transit	2,662,160	2,662,160	2,997,274	(335,114)
Bike & Pedestrian	148,158	148,158	-	148,158
Non-Motorized	142,923	142,923	-	142,923
Total expenditures	<u>7,313,980</u>	<u>7,313,980</u>	<u>6,994,990</u>	<u>318,990</u>
Excess of revenues over (under) expenditures	<u>643,120</u>	<u>(267,244)</u>	<u>1,467,623</u>	<u>1,734,867</u>
Other Financing Sources (uses):				
Transfers out	564,264	564,264	(564,264)	1,128,528
Total other financing sources (uses)	<u>564,264</u>	<u>564,264</u>	<u>(564,264)</u>	<u>1,128,528</u>
Net change in fund balance	<u>\$ 1,207,384</u>	<u>\$ 297,020</u>	<u>903,359</u>	<u>\$ 2,863,395</u>
Fund Balances:				
Beginning of Year			3,079,093	
End of Year			<u>\$ 3,982,452</u>	

Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - State Transit Assistance Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget Positive (Negative)
Revenues:				
Sales tax	\$ 1,324,615	\$ 1,398,439	\$ 1,302,988	\$ (95,451)
Interest income	-	-	13,743	13,743
Other Income			-	-
Total revenues	<u>1,324,615</u>	<u>1,398,439</u>	<u>1,316,731</u>	<u>(81,708)</u>
Expenditures:				
Current:				
Transportation programs:				
Transit	667,440	667,440	1,398,440	(731,000)
Total expenditures	<u>667,440</u>	<u>667,440</u>	<u>1,398,440</u>	<u>(731,000)</u>
Excess of revenues over (under) expenditures	<u>657,175</u>	<u>730,999</u>	<u>(81,709)</u>	<u>649,292</u>
Net change in fund balance	<u>\$ 657,175</u>	<u>\$ 730,999</u>	<u>(81,709)</u>	<u>\$ 649,292</u>
Fund Balances:				
Beginning of Year			747,270	
End of Year			<u>\$ 665,561</u>	

Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2019

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.

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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, 2019

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%	0.00030%	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	\$ 804,411
Proportionate share of the net pension liability as percentage of covered employee payroll	2.38%	-0.51%	1.22%	4.23%	2.67%
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 required only for measurement periods for which GASB 68 is applicable. The fiscal year 2015 was the first year of implementation; therefore, only four years are shown.

Notes to Schedule:

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

Change in Assumptions: There were no changes of assumptions.

Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Year Ended June 30, 2019

Last Ten Fiscal Years

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

	2013-14	2014-15	2015-16	2016-17	2017-18 ²	2018-19 ¹
Actuarially determined contribution	\$ 55,298	\$ 64,257	\$ 56,173	\$ 62,807	\$ (65,698)	\$ (111,204)
Contributions in relation to the actuarially determined contributions	(74,697)	(64,257)	(56,173)	(62,819)	65,698	111,204
Contribution deficiency (excess)	\$ (19,399)	\$ -	\$ -	\$ (12)	\$ -	\$ -
Covered payroll ²	\$ 495,433	\$ 577,751	\$ 646,302	\$ 714,715	\$ 736,157	\$ 758,242
Contributions as a percentage of covered employee payroll	11.16%	11.12%	8.69%	8.79%	-8.92%	-14.67%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Payroll from prior year 2017-18 was assumed to increase by the 3.00 percent payroll growth

Notes to Schedule:

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

Change in Assumptions: There were no changes of assumptions.

Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2019

Last Ten Fiscal Years

Other Postemployment Benefits (OPEB)

Measurement Date	June 30, 2017 ¹
Total OPEB liability	
Service cost	\$ 6,156
Interest	16,483
Benefit payments	(8,103)
Other	256
Net change in total OPEB liability	14,792
Total OPEB liability - beginning	236,314
Total OPEB liability - ending (a)	<u>\$ 251,106</u>
OPEB fiduciary net position	
Employer contributions	\$ 256
Employee contributions	-
Actual investment income	9,161
Administrative expense	(213)
Benefit payments	(8,103)
Net change in plan fiduciary net position	1,101
Plan fiduciary net position - beginning	115,057
Plan fiduciary net position - ending (b)	<u>116,158</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ 134,948</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>46.26%</u>
Covered payroll	<u>\$ 758,242</u>
Plan net OPEB liability as a percentage of covered payroll	<u>17.80%</u>

¹ Historical information is required only for measurement periods for which GASB 75 is applicable. The fiscal year 2018 was the first year of

Notes to Schedule:

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

Change in Assumptions: There were no changes of assumptions.

Shasta Regional Transportation Agency
Required Supplementary Information (Unaudited)
Schedule of Contributions - OPEB
For the Year Ended June 30, 2019

Last Ten Fiscal Years

Other Postemployment Benefits (OPEB)

	2016-17	2017-18 ¹
Actuarially determined contribution ²	\$ 23,235	N/A
Contributions in relation to the actuarially determined contributions	(33,235)	(49,363)
Contribution deficiency (excess)	\$ (10,000)	\$ (49,363)
Covered payroll	\$ 717,265	\$ 758,242
Contributions as a percentage of covered employee payroll	4.63%	6.51%

¹ Historical information is required only for measurement periods for which GASB 75 is applicable.

² There is no actuarially determined contribution for the year ended June 30, 2018. SRTA contributed on pay-as-you go basis.

Notes to Schedule:

Valuation date: June 30, 2017

Methods and assumptions used to determine contribution rates:

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 3.00%

OTHER SUPPLEMENTARY INFORMATION

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Shasta Regional Transportation Agency
Schedule of Allocations and Disbursements
Local Transportation Fund
For the Year Ended June 30, 2019

	Allocations and Disbursements Under Public Utilities Code Sections				Totals
	99233.1	99260	99275	99400 (a) (c) & (d)	
Allocations:					
County of Shasta	\$ -	\$ -	\$ -	\$ 2,556,984	\$ 2,556,984
City of Redding	-	-	-	758,568	758,568
City of Anderson	-	35,112	-	347,868	382,980
City of Shasta Lake	-	42,684	-	334,296	376,980
Redding Area Bus Authority	-	2,584,356	-	-	2,584,356
Shasta Regional Transportation Agency	855,356	-	-	-	855,356
SRTA (CTSA)	-	-	363,012	-	363,012
Total allocations	<u>\$ 855,356</u>	<u>\$ 2,662,152</u>	<u>\$ 363,012</u>	<u>\$ 3,997,716</u>	<u>\$ 7,878,236</u>
Disbursements:					
County of Shasta	\$ -	\$ -	\$ -	\$ 2,556,984	\$ 2,556,984
City of Redding	-	-	-	758,568	758,568
City of Anderson	-	35,112	-	347,868	382,980
City of Shasta Lake	-	42,684	-	334,296	376,980
Redding Area Bus Authority	-	2,584,356	-	-	2,584,356
Shasta Regional Transportation Agency	855,356	-	-	-	855,356
SRTA (CTSA)	-	-	363,012	-	363,012
Total disbursements	<u>\$ 855,356</u>	<u>\$ 2,662,152</u>	<u>\$ 363,012</u>	<u>\$ 3,997,716</u>	<u>\$ 7,878,236</u>

Shasta Regional Transportation Agency
Schedule of Allocations and Disbursements
State Transit Assistance Fund
For the Year Ended June 30, 2019

	California Administrative Code Section 6730(a)
Allocations:	
City of Redding	\$ 963,464
City of Anderson	110,996
City of Shasta Lake	109,304
County of Shasta	214,676
Total allocations	<u><u>\$ 1,398,440</u></u>
Disbursements:	
City of Redding	\$ 963,464
City of Anderson	110,996
City of Shasta Lake	109,304
County of Shasta	214,676
Total disbursements	<u><u>\$ 1,398,440</u></u>

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**Shasta Regional Transportation Agency
Schedule of Cost Allocation Plan Reconciliation
and Indirect Cost Rate Carryover
For the Year Ended June 30, 2019**

Direct Expenses at June 30, 2019	\$ 753,013
Approved Indirect cost rate for June 30, 2019	<u>107.18%</u>
Total allocable indirect expenses at June 30, 2019	<u>807,079</u>
Actual indirect expenses at June 30, 2019	754,221
Under (over) recovered indirect expenses at June 30, 2019	<u><u>\$ (52,858)</u></u>

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Shasta Regional Transportation Agency
Schedule of Cost Allocation Plan Reconciliation
and Indirect Cost Allocation Carryover
For the Year Ended June 30, 2019

	Actual Expense	Direct Expense	Indirect Expense
Direct expenses:			
Salaries	\$ 804,411	\$ 566,464	\$ 237,947
PTO	\$ 81,993	\$ -	\$ 81,993
Employee benefits	339,944	186,549	\$ 153,395
Total salaries and employee benefits	<u>1,226,348</u>	<u>753,013</u>	<u>473,335</u>
Advertising	3,399	3,042	357
Bank Charges	309	(0)	309
Communication	11,197	625	10,572
Computer Support	26,449	433	26,016
Copier	2,696	(0)	2,696
Consultants	683,461	676,348	7,113
Depreciation	74,159	23,028	51,131
Dues and Subscriptions	4,373	1,181	3,192
Education and Training	2,792	2,657	135
Insurance	12,707	3,368	9,339
Interest	22,762	3,636	19,126
Licenses	12,195	12,005	190
Meetings	60	30	30
Printing	4,041	3,903	138
Postage	880	40	840
Professional Services	117,232	25,827	91,405
Public Notice	1,812	1,812	-
Repairs and Maintenance	38,419	22,762	15,657
Security	8,623	1,865	6,758
Software	6,807	2,400	4,407
Supplies	19,387	8,177	11,210
Taxes	689	689	-
Travel	21,456	10,130	11,326
Utilities	11,383	2,444	8,939
Total expenses	<u>\$ 2,313,637</u>	<u>\$ 1,559,416</u>	<u>\$ 754,221</u>

Shasta Regional Transportation Agency
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

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				
<i>Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Pass-through the State of</i>				
<i>California Department of Transportation:</i>				
Federal Highway Administration - Metropolitan Planning	20.505	74A0821	\$ 1,147,607	\$ 38,557
Federal Transit Administration - Metropolitan Planning	20.505	74A0821	38,027	-
Federal Highway Administration - Strategic Planning & Research	20.505	74A0821	-	-
			26,650	-
Total Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research			1,212,285	38,557
<i>Formula Grants for Rural Areas Pass-through the State of</i>				
<i>California Department of Transportation:</i>				
Federal Transit Administration - 5303		74A0821	80,322	
Total Formula Grants for Rural Areas			80,321.56	-
Total U.S. Department of Transportation			1,292,606	38,557
Total Expenditures of Federal Awards			\$ 1,292,606	\$ 38,557

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

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Shasta Regional Transportation Agency
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

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 Fund of SRTA. SRTA utilizes the modified accrual basis of accounting for the Local Planning 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 Principles, 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. 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 Names/Subrecipient Names	Amount Provided to Subrecipients
20.205	Federal Apportionment Exchange	\$ -
20.505	Safe Route to School	-
20.505	Federal Highway Administration	38,557
	Total Amount provided to Subrecipients	<u>\$ 38,557</u>

Shasta Regional Transportation Agency
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I – Summary of Auditor’s 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

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

Type of auditor’s 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)?

Yes

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	\$ 1,205,449
Total Expenditures of All Major Federal Programs		\$ 1,205,449
Total Expenditures of Federal Awards		\$ 1,285,770
Percent of Total Expenditures of Federal Awards		93.75%

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

**Shasta Regional Transportation Agency
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019**

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

2018-001 Internal Control and Compliance Over Financial Reporting

Criteria:

Pursuant to Government Code section 53891 (a), the officer of each local agency who has charge of the financial records shall furnish to the State Controller a report of all the financial transactions of the local agency during the preceding fiscal year. The report shall contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles, if this data is available. The report shall be furnished within seven months after the close of each fiscal year and shall be in the form required by the State Controller.

Condition:

During our testing of SRTA's compliance with the reporting requirement, we noted that the Transportation Planning Agencies Financial Transactions Report was submitted after the due date. The report was due January 31, 2018 and it was submitted to the State Controller's Office on February 8, 2018.

Cause:

SRTA did not have an adequate board approved policies and procedures to enforce the timely submission of the Transportation Planning Agencies Financial Transactions Report.

Effect:

The delay in submission of the Transportation Planning Agencies Financial Transactions Report may lead to the Caltrans withhold future apportionment.

Recommendation:

We recommended SRTA develop a policy to ensure a timely submission of the required reports.

Views of Responsible Officials:

SRTA has recreated an internal schedule with its Chief Fiscal Officer duties and deadlines in order to ensure more timely submission of required reports.

**Shasta Regional Transportation Agency
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019**

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.

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Shasta Regional Transportation Agency
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section III – Federal Award Findings and Questioned Costs

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

2018-002 Reporting – Internal Control and Compliance over Reporting

Identification on the Federal Program:

Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research (CFDA Number 20.505, U.S. Department of Transportation, Passed through State of California, Department of Transportation (“Caltrans”), Award Number 74A0821)

Criteria or Specific Requirement (Including Statutory, Regulatory, or Other Citation):

Pursuant to Article I – Section 2 Quarterly Progress Reports in the Master Fund Transfer Agreement between Shasta Regional Transportation Agency and the State of California, Department of Transportation, SRTA is required to submit the Quarterly Progress Report (“QPR”) that include all work elements for transportation planning tasks, projects, and products funded wholly or in part by any of the fund sources: (i) FHWA Metropolitan Planning; (ii) FTA Metropolitan Planning; (iii) FHWA State Planning and Research-Partnership Planning; (iv) FTA State Planning and Research, no later than thirty (30) calendar days after closing of each quarter.

Pursuant to the same Article, Caltrans may withhold payment of Requests for Reimbursement submitted pending the submission of required documentation.

Pursuant to Article I – Section 3 Final Request for Reimbursement and OWP Closeout Documentation in the Master Fund Transfer Agreement between Shasta Regional Transportation Agency and the State of California, Department of Transportation, SRTA is required to submit an OWP/annual OWPA closeout documentation package to the State of California, Department of Transportation, no later than August 31st of each fiscal year.

Pursuant to the same Article, Caltrans may withhold future apportionments and/or allocations pending the submission of required documentation.

The Internal Control Framework would include establishing or enhancing guidance in the *Control Environment* by setting the tone of an organization, influencing the control consciousness of its people. The Control Environment is the foundation of all other components of internal control, providing discipline and structure.

Condition:

During our testing of SRTA’s compliance with the reporting requirement, we noted that the fourth QPR and the Certification of Allocation and Expenditure by Fund Source were submitted after the due date. The fourth QPR was due July 30, 2018 and it was submitted to the Caltrans on August 20, 2018. The Certification of Allocation and Expenditure by Fund Source was due August 31, 2018 and it was submitted to the Caltrans on September 11, 2018.

Cause:

SRTA experienced turnover of the key management personnel that led to the delay of the submission of the financial information.

Effect or Potential Effect:

The delay in submission of QPR may lead to the Caltrans withhold the reimbursement payment. The delay in submission of OWP closeout documentation package may lead to the Caltrans withhold future apportionment.

Shasta Regional Transportation Agency
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section III – Federal Award Findings and Questioned Costs (Continued)

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

2018 - 002 Reporting – Internal Control and Compliance over Reporting (Continued)

Questioned Costs:

No questioned costs over \$25,000 were noted.

Context:

There is no sampling since all four quarters were tested. One of the four quarters selected for testing had exception. Also, annual close-out report selected for testing had exception.

Identification as a Repeat Finding, If Applicable:

It is a repeat finding from prior year finding 2017-001.

Recommendation:

We recommended SRTA update procedures to improve the risk assessment process and control activities over the timely submission of the reports in event of turnovers.

Views of Responsible Officials:

SRTA has updated its policies and will be adopting them at the February 26, 2019 Board of Directors meeting. The updated policies will address Chief Fiscal Officer duties and deadlines to ensure more timely submission of required reports.