SAN JOAQUIN RTD

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2020 and 2019
County of San Joaquin, California

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
COUNTY OF SAN JOAQUIN, CALIFORNIA

Comprehensive Annual
Financial Report

Fiscal Years Ended
June 30, 2020 and 2019

Prepared by
FINANCE DEPARTMENT

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
JUNE 30, 2020 AND 2019

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INTRODUCTORY SECTION

TRANSMITTAL LETTER

December 31, 2020

Board of Directors San Joaquin RTD
P.O. Box 201010
Stockton, CA 95201

It is with pleasure that we submit to you the San Joaquin Regional Transit District (RTD) Comprehensive Annual Financial Report (CAFR) for the fiscal years ending June 30, 2020 and 2019. RTD is required to undergo an annual audit in conformity with the provisions of the Uniform Guidance as it pertains to audits of state and local governments. State law requires that RTD publish audited financial statements within six months of the close of the fiscal year in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of certified public accountants licensed to practice in the State of California.

This report consists of management's representations concerning the finances of RTD. RTD management is responsible for both the accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents RTD's financial position and results of operations. Disclosures are included to enable the reader to gain an understanding of RTD's activities.

Brown Armstrong Accountancy Corporation, a firm of licensed certified public accountants, has audited RTD's financial statements as of and for the fiscal years ended June 30, 2020 and 2019. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit includes examination of evidence supporting the amounts and disclosures in the financial statements on a test basis, assessment of the accounting principles used, significant estimates made by management, and evaluation of the overall presentation of the financial statements. The independent auditors' findings are contained in a separate report.

The independent audit of the financial statements was a part of a broader, federally-mandated "Single Audit" designed to meet the needs of federal grantor agencies. The standards governing the single audit engagements require the independent auditor to report on the fair presentation of the financial statements, internal control over financial reporting, compliance with federal requirements, and other matters. The audit puts an emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in RTD's Annual Financial Report (provided separately).

GAAP requires that management provide a narrative introduction, financial statements overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). RTD's MD&A immediately follows the report of the independent auditors in the Financial Section. This letter of transmittal is designed to complement the MD&A.

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
P.O. Box 201010 • Stockton, CA 95201 • (209) 943-1111 • (209) 948-8516 Fax • sjRTD.com

PROFILE OF RTD

RTD is the regional transit provider for San Joaquin County (the County). Its primary mission is to provide a safe, reliable, and efficient transportation system for the region. Established in 1963 as the Stockton Metropolitan Transit District (SMTD), SMTD began providing service in 1965. In 1994, with the expansion of its service area to all of the County, SMTD became San Joaquin Regional Transit District (RTD).

A five-member Board of Directors (Board) governs RTD. The Stockton City Council appoints two members, the County Board of Supervisors appoints two, and the City Council and Board of Supervisors appoint one. RTD is fiscally independent of the City and County insofar as neither makes budget appropriations to RTD.

RTD's operating and capital planning decisions are based on the strategic initiatives contained within its annual Strategic Plan. The mission and vision statements of RTD guide the initiatives. Our primary mission is to provide a safe, reliable, and efficient transportation system for the region. Our vision is to be the transportation service of choice for the residents we serve.

RTD operates 32 routes in the Stockton Metropolitan Area, including 5 Bus Rapid Transit routes; 5 Countywide routes; 7 Metro Hopper deviated fixed routes throughout the County, and 4 Commuter routes to the Bay Area and Sacramento. RTD's Van Go! service provides service options for County residents with seamless connections within the County. RTD also provides Dial-A-Ride service for persons who, due to their disability, are unable to use fixed-route service. As the Consolidated Transportation Services Agency (CTSA) for the County, RTD provides enhanced mobility and accessibility service options that focus on providing services to seniors and individuals with disabilities. In fiscal year 2020, RTD provided 3.03 million passenger trips.

To provide convenient connections between its routes and services, RTD has four stations in south, central, north, and south east Stockton: Downtown Transit Center, Mall Transfer Station, Hammer Triangle Station, and Union Transfer Station (UTS), respectively.

RTD has 142 revenue vehicles (96 buses, 42 cutaways, and 4 high top vans), 180 employees (in administration, transportation, and maintenance), and 76 contracted employees (National Express Transit - NEXT) working in its three Stockton operations and administrative locations: County Transit Center, Downtown Transit Center, and Regional Transportation Center (RTC).

FACTORS AFFECTING FINANCIAL CONDITION

RTD Management is responsible for establishing and maintaining a system of internal financial controls to provide reasonable assurance that assets are protected from loss, theft, or misuse. RTD management is responsible for assuring that adequate accounting controls are in place to provide reasonable assurance as to the accuracy of information and data used to prepare this report. The concept of reasonable assurance in internal controls requires that the cost of implementing a control should not outweigh the benefits likely to be received, and that the valuation of costs and benefits requires estimates and judgment exercised by management.

As the regional transit provider for the County, RTD's role in providing local and regional transit services is continuously evolving to meet its ever-changing environment. RTD commits to providing the highest level of transit service to the greatest number of people within its available resources. To provide a sustainable level of service during the recent economic climate, RTD has restructured its service design and developed a multi-faceted approach to funding. This approach looks beyond existing resources in order to maintain a stable source of revenues through partnerships with local agencies and educational institutions in Stockton; lobbying for increased federal, state, and local resources; and increased marketing efforts.

Local Economic Conditions

The County has a population of over 762,000 people. The County's population continues to grow at a steady pace while the County's unemployment rate has significantly improved—until the COVID-19 pandemic came to the area and the unemployment rate skyrocketed to almost 18%.

RTD's major challenge this past fiscal year has been providing transportation safely for the region during the COVID-19 pandemic. The financial threats of this pandemic, the shutdown and stay-at-home orders for nonessential services, and social distancing all contributed towards the significant decline in ridership. As a result, RTD replaced its regular weekday service with weekend service seven days a week in March 2020. Fare and sales tax revenues that constitute more than 70% of operating revenues are expected to decline between 25% to 50% next fiscal year and may be worse in fiscal year 2022. To preserve the business of providing public transit service, RTD made a difficult decision by eliminating functions that were not needed in the current environment to minimize the adverse economic impact of the pandemic while prolonging the benefit of the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding and give RTD time to recover.

The health and safety of our customers and employees is our utmost priority. Since the beginning of the pandemic, RTD has worked tirelessly to keep riders and staff safe from COVID-19. RTD is actively working to instill confidence in riders by committing to protecting their health and safety with the following: adding to its already robust cleanliness and sanitization practices of cleaning every bus nightly with an antibacterial and antimicrobial disinfectant solution, the use of maximum strength antibacterial and antimicrobial disinfectant cleaning solutions at all RTD transit hubs, the use of a sanitizing fog solution on vehicles as a part of its scheduled preventative maintenance program and increased disinfecting practices to include all fare vending machines as an additional precaution. RTD also implemented policies such as staggered seating while on the bus, rear-door boarding for the protection of the operators' health, the required use of face coverings on all RTD vehicles and at all RTD facilities, and on-site temperature screenings using non-contact infrared thermometers.

In August 2020, RTD brought back most of its services to Stockton and the surrounding County service area with the continued safety measures of requiring facial coverings and physical distancing, installing protective barriers, and disinfecting supplies on buses.

RTD has recently commenced its Transit System Redesign Study to create the most productive and efficient service design that will be scalable to funding availability and customer demand, develop strategies for a sustainable service with reduced funding levels resulting from the COVID-19 pandemic, and provide safe and efficient bus transit service that meets RTD's zero-emission goals.

Other challenges also included sustaining its underfunded Defined Benefit Plan. The ever-increasing employee and employer contributions to the Defined Benefit Plan for represented employees and non-represented vested employees also affect RTD's competitiveness as an employer. RTD is committed to finding alternatives in order to provide a sustainable and affordable retirement plan.

There has been a steady increase in the demand for Dial-a-Ride (DAR) services that RTD is mandated to provide. RTD is actively seeking opportunities to manage the demand for DAR services by providing other mobility functions through its Travel Training Program.

RTD's Van Go!, which provides same day on-demand rideshare service in the County, will be expanding and extending its reach to more County residents effective January 10, 2021. This service provides more transit options for changing mobility needs of its community—particularly with the impact of the COVID-19 pandemic. In addition to offering on-demand service, each Van Go! vehicle is equipped to handle mobility devices such as wheelchairs. Van Go! drivers are trained, licensed, and fully prepared to help with accessibility needs.

Despite the above challenges, RTD has been successful in bringing in competitive state and federal funding to the County because of the significance of RTD's projects, RTD's technical capacity to manage funding and deliver high-quality products, and RTD's ability to comply with the governing rules and regulations. In addition, RTD has successfully developed effective, professional, and respectful relationships with its various stakeholders.

RTD Accomplishments

RTD achieved significant accomplishments in fiscal year 2020 that supported its strategic plan, the most notable of which are the following:

1. Installed 5 electric depot chargers at the RTC and second overhead electric charger at the UTS.
2. Concluded annual CHP inspections with zero defects and complied with drug and alcohol policies.
3. Replaced Automatic Vehicle Locator (AVL) systems in some buses.
4. Equipped Bus Rapid Transit (BRT) route buses with Wi-Fi capabilities.
5. Purchased 6 Van Go! Vans for ride sharing on-demand service.

In addition to these accomplishments, the following continuing efforts support RTD's strategic goals:

- Employee development through an apprenticeship program, training and continuing education, employee awards and promotions.
- Customer satisfaction through improved amenities, passenger access to information and enhanced interaction with customers through social media.
- Financial health through cost containment and revenue-generating activities.
- Operations excellence through improved and innovative services.
- Community relations through education, exposure, visibility, and special marketing campaigns and promotions.
- Continuous improvement through new technology and enhanced processes.

RTD received the following awards in fiscal year 2020 which recognized RTD's achievements and performance standards:

1. Government Agency Champion Award – RTD recognized by the Central Valley Asian-American Chamber of Commerce for first all-electric BRT route, the RTD Van Go! service and diversity in leadership.
2. American Public Transportation Association (APTA) AdWheel Awards – RTD received first place award for its partnership with Stockton Unified School District (SUSD) in bringing transit at no cost to students.
3. Government Finance Officers Association (GFOA): Excellence in Financial Reporting Award (17th consecutive year).

Balanced Funding Concepts

On an ongoing basis, RTD reviews its strategic goals to determine the operating and capital requirements for the next five to ten years. It is increasingly important to ensure the availability of financial resources to maintain existing levels of service and to fund planned capital and operating expenditures including rolling stock replacement and additional facilities. RTD currently uses three major levels of funding resources:

- Locally-controlled federal and state funding allocations (funding given to local governments and agencies to spend on capital projects and/or operations).
- Federal discretionary funding awards (identified by the Federal Transit Administration for specific projects).
- Locally collected money (e.g., county sales taxes, Measure K, fares).

RTD's capital plan includes investing in a variety of items:

- Upgrading and improving facilities.
- Upgrading communication and IT equipment.
- Upgrading bus technologies.
- Improving passenger amenities.
- Exploring solar energy project.
- Exploring hydrogen fuel cell technology.

State/Federal Legislative Updates

Governor Signs Executive Order

Governor Newsom issued an Executive Order on September 23, 2020, directing the California Air Resources Board to develop a plan that would require automakers to sell steadily more zero-emissions passenger vehicles in the state, such as battery-powered or hydrogen-powered cars and pickup trucks, until they make up 100% of new auto sales in just 15 years. The order directs the state's transportation agencies to look for near-term actions to reduce Californian's reliance on driving, for example, by expanding access to mass transit and biking.

The Executive Order calls for increasing access to mass transit, particularly in low-income communities, which would help RTD.

Sales and Use Tax Exemption

Assembly Bill (AB) 784 exempts zero-emission transit buses (ZEBs) from the state portion of the sales tax until January 1, 2024. The Innovative Clean Transit regulation, adopted by the Air Resources Board in December 2018, requires transit agencies to begin to purchase ZEBs as soon as 2023, with the goal of transitioning all transit buses to zero-emission technology by 2040.

AB 784 will save RTD at least $35,000 per bus until 2024.

Coronavirus Bill for Public Transit

The legislation appropriates $25 billion from the general fund of the Treasury "to remain available until expended, to prevent, prepare for, and respond to coronavirus." The funds provided under the legislation are available for the operating expenses of transit agencies related to the response to a coronavirus public health emergency as described in section 319 of the Public Health Service Act. Reimbursement is provided for expenses beginning on January 20, 2020, including operating costs to maintain service, lost revenue due to the coronavirus public health emergency, purchase of personal protective equipment, and sick-leave pay related to the COVID-19 pandemic.

This will help RTD respond to the increased costs of maintaining buses and protecting employees. The additional funding will also help make up for lost revenue.

BUDGET CONTROLS

RTD adopts an annual budget that serves as the foundation for financial planning and control. The budget is a financial plan governing the fiscal year's operating and capital investments. For capital projects exceeding one fiscal year, RTD management adopts a project-length budget. The budget matches revenues with the operating and capital project expenses based on adopted policies and direction set by RTD's Board.

The budget process follows three basic steps that provide continuity in decision making:

1. Assess current conditions and needs to develop goals, objectives, policies, and plans.
2. Prioritize projects and develop a work program.
3. Implement identified project plans and evaluate their effectiveness and shortcomings.

RTD maintains budgetary controls to monitor compliance with RTD's authorization and adopted rules. The annual budget is categorized by fund type (operating or capital), and by department (e.g., transportation). Department managers may make transfers of line items within their department. Budget transfers between departments require the CEO's approval. Amendments to RTD's budget that occur after Board adoption of the budget for a given fiscal year require Board approval.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Joaquin RTD for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended on June 30, 2019. The Certificate of Achievement is a very prestigious national award that recognizes conformance with the highest standards for preparation of a state or local government financial report. This was the seventeenth consecutive year that RTD has received this award. In order to be eligible for this award, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement Program's requirements, and we will submit it to the GFOA to determine eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of several departments, especially the Finance Department. The preparation of this CAFR demonstrates staff's dedication to improve the standard of reporting to the Board of Directors and RTD's stakeholders. I would like to express my appreciation to all RTD staff who assisted and contributed to the preparation of this report.

Respectfully submitted,

Gloria Salazar, Deputy CEO

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

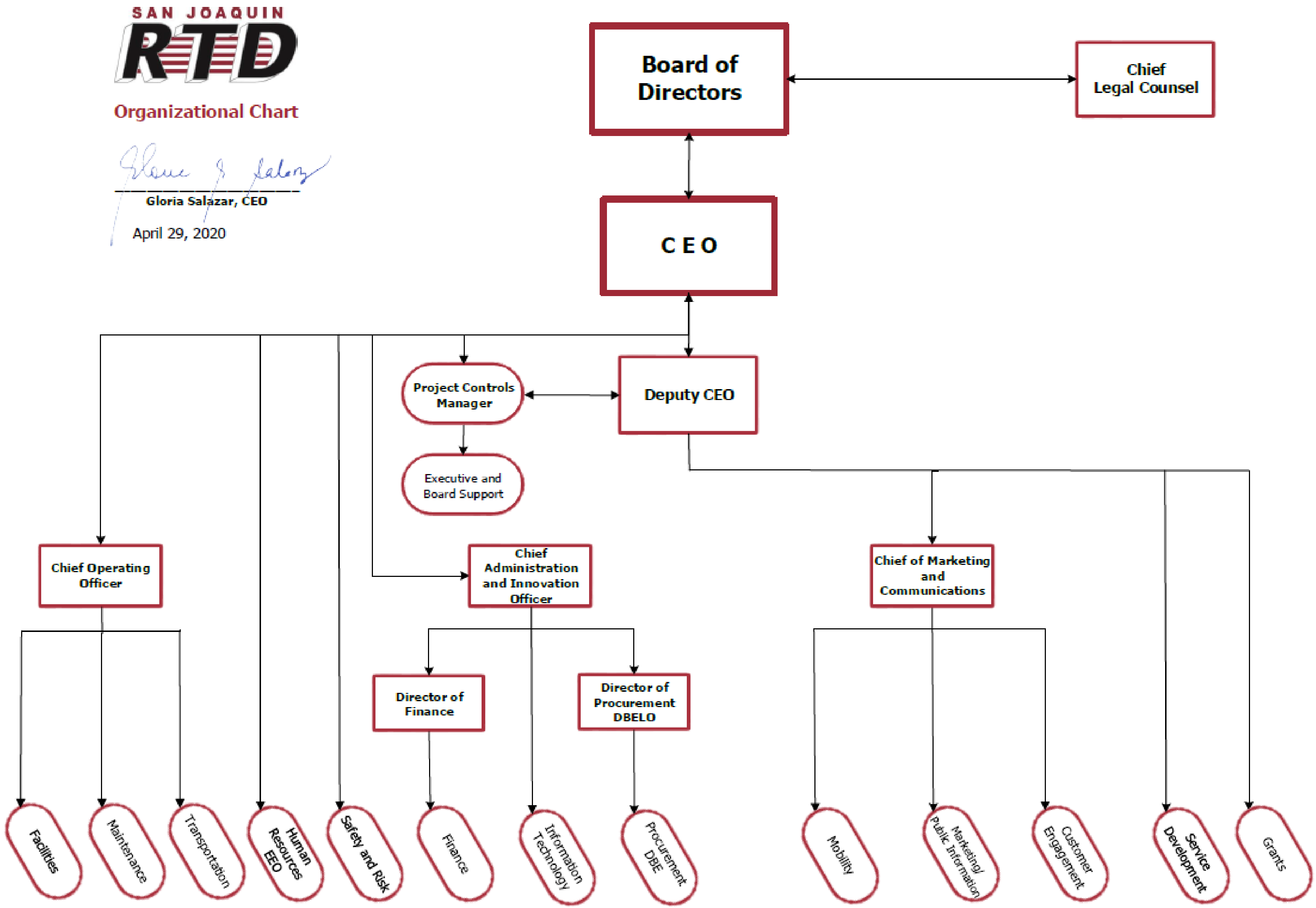
San Joaquin Regional Transit District
California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO


SAN JOAQUIN
RTD
Organizational Chart
Gloria Salazar, CEO
April 29, 2020
Board of Directors
Chief Legal Counsel
C E O
Project Controls Manager
Deputy CEO
Executive and Board Support
Chief Operating Officer
Chief Administration and Innovation Officer
Chief of Marketing and Communications
Director of Finance
Director of Procurement DBELO
Facilities
Maintenance
Transportation
Human Resources EEO
Safety and Risk
Finance
Information Technology
Procurement DBE
Mobility
Marketing/ Public Information
Customer Engagement
Service Development
Grants

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL

BOARD OF DIRECTORS

Gary S. Giovanetti	Chair
Michael Restuccia	Vice-Chair
Joni Bauer	Director
Les J. Fong	Director
Balwinder T. Singh	Director

MANAGEMENT AND SENIOR STAFF

Gloria Salazar	Chief Executive Officer
Kimberly Gayle	Deputy Chief Executive Officer
Mike Thompson	Chief Administration and Innovation Officer
Darla Smith	Chief Operating Officer

BUDGET AND ADMINISTRATIVE STAFF

Virginia Alcayde	Director of Finance
Ravi Sharma	Finance Manager
Merab Talamentes	Project Controls Manager

FINANCIAL SECTION

BROWN ARMSTRONG

CERTIFIED PUBLIC ACCOUNTANTS

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TEL 888.565.1040

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BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Joaquin Regional Transit District
Stockton, California

Report on the Financial statements

We have audited the accompanying financial statements of the San Joaquin Regional Transit District (RTD), which comprise the statement of net position as of June 30, 2020; the related statements of revenues, expenses, and changes in net position and cash flows for the fiscal year then ended; and the related notes to the financial statements, which collectively comprise RTD's basic financial statements as listed in the table of contents. The financial statements of RTD as of and for the fiscal year ended June 30, 2019, were audited by other auditors, whose report dated December 31, 2019, expressed an unmodified opinion.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to RTD'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 RTD'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 basic financial statements.

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of RTD as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the fiscal 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 and required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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 RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise RTD's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Report on Summarized Comparative Information

Other auditors have previously audited RTD's June 30, 2019, financial statements, and their report dated December 31, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020, on our consideration of RTD'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 RTD'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 RTD's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 31, 2020

Introduction

The following discussion and analysis of the financial performance and activity of the San Joaquin Regional Transit District (RTD) provides an introduction and understanding of the basic financial statements of RTD for the fiscal years ended June 30, 2020, and June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

RTD is the regional transit provider for San Joaquin County (the County). Its primary mission is to provide a safe, reliable, and efficient transportation system for the region. Established in 1963 as the Stockton Metropolitan Transit District (SMTD), SMTD began providing service in 1965. In 1994, with the expansion of its service area to all of the County, SMTD became San Joaquin Regional Transit District (RTD).

A five-member Board of Directors (Board) governs RTD. The Stockton City Council appoints two members, the County Board of Supervisors appoints two members, and the City Council and Board of Supervisors appoint one jointly. RTD is fiscally independent of the City and County insofar as neither makes budget appropriations to RTD.

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To provide convenient connections between its routes and services, RTD has four stations in south, central, north, and south east Stockton: Downtown Transit Center (DTC), Mall Transfer Station (MTS), Hammer Transfer Station (HTS), and Union Transfer Station (UTS), respectively.

RTD has 142 revenue vehicles (96 buses, 42 cutaways, and 4 high top vans), 180 employees (in administration, transportation, and maintenance), and 76 contracted employees (National Express Transit—NEXT) working in its three Stockton operations and administrative locations: County Transit Center (CTC), DTC, and RTC.

The Financial Statements

RTD's basic financial statements include: (1) the Statement of Net Position; (2) the Statement of Revenues, Expenses, and Changes in Net Position; and (3) the Statement of Cash Flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

The Statement of Net Position reports assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the difference as net position. The entire equity section is combined to report total net position and is displayed in two components: net investment in capital assets and unrestricted net position.

The net asset component of net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation, and is reduced by the outstanding balances of any borrowings attributable to the acquisition, construction, or improvements of those assets.

Restricted net position consists of assets where constraints on their use are externally imposed by creditors (such as through debt covenants, if any), grantors, contributors, or laws and regulations of other governments.

Unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets. This net position component includes net position that has been designated by management as operating and capital reserves for purposes that may include assets allocated to fund capital projects, reserves for self-insurance, other liabilities, and operations, provided such use is approved by the RTD Board.

Revenues and expenses are categorized as either operating or non-operating based upon the definitions provided by Governmental Accounting Standards Board (GASB) Statements No. 33 and No. 34. Significant recurring resources of RTD's revenues, such as capital contributions, are reported as non-operating revenues.

The statement of cash flows is presented using the direct method and includes a reconciliation of operating cash flows to operating loss.

Financial Highlights

Statement of Revenues, Expenses, and Change in Net Position

A summary of RTD's Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2020, 2019, and 2018, follows:

			2020 to 2019 Increase/Decrease			2019 to 2018 Increase/Decrease	
	2020	2019 (restated)	Amount	%	2018	Amount	%
Operating revenues	$ 3,373,975	$ 3,524,709	$ (150,734)	-4%	$ 3,626,273	$ (101,564)	-3%
Operating expenses	(50,744,315)	(51,928,744)	1,184,429	-2%	(46,605,935)	(5,322,809)	11%
Operating loss	(47,370,340)	(48,404,035)	1,033,695	-2%	(42,979,662)	(5,424,373)	13%
Non-operating revenues	40,935,996	36,632,056	4,303,940	12%	30,773,513	5,858,543	19%
Non-operating expenses	(373,870)	(520,199)	146,329	-28%	(533,473)	13,274	-2%
Excess before capital contributions	(6,808,214)	(12,292,178)	5,483,964	-45%	(12,739,622)	447,444	-4%
Capital contributions	3,596,003	22,976,880	(19,380,877)	-84%	12,656,081	10,320,799	82%
Change in net position	(3,212,211)	10,684,702	(13,896,913)	-130%	(83,541)	10,768,243	-12890%
Total net position, beginning of year	95,630,579	84,945,877	10,684,702	13%	85,029,418	(83,541)	0%
Total net position, end of year	$ 92,418,368	$ 95,630,579	$ (3,212,211)	-3%	$ 84,945,877	$ 10,684,702	13%

Fiscal year 2020 vs. 2019

RTD's fiscal year 2020 net operating revenues decreased by $150,734 or (4%) over fiscal year 2019. Operating revenues decreased primarily due to a decline in fare revenues as a result of a decline in ridership from the COVID-19 pandemic and the Governor's stay at home order for non-essential workers. There is also a net decrease in auxiliary and non-transportation revenues. RTD did not enforce fare collection on some of its services from March to August 2020 which contributed to the decline in fare revenues.

Operating expenses decreased by $1,184,429 or (2%) primarily due to decreases in a) operator's salaries, b) service expenses, c) fuel and lubricants costs, and d) other expense because RTD operated its weekend service seven days a week in place of its regular weekday service due to the COVID-19 pandemic.

a) Operators' salaries decreased by $340,227 or (8%) in fiscal year 2020 as a result of COVID-19 pandemic-related service changes from regular weekday service to weekend service seven days a week. In addition, represented employees received a one-time wage increase through an arbitration decision in fiscal year 2019.

b) Service expenses decreased $270,523 or (9%) due to a $113,310 decrease in temporary help costs as a result of filling vacant full-time positions by regular employees. Professional consulting services decreased $102,370 because some consulting services for fiscal year 2020 were deferred due to the COVID-19 pandemic.

c) Fuel and lubricant expenses decreased $340,896 or (22%) primarily due to operating weekend service in place of regular service seven days a week from March to August 2020 as a result of the COVID-19 pandemic. Fuel expenses decreased also due to some underperforming routes being discontinued in fiscal year 2020 and the increased use of electric buses.

d) The net decrease in other expenses of $460,670 or (45%) is mainly due to the following: a $216,326 reduction in lease revenue vehicle costs because RTD purchased the leased vehicles with capital funds; a $110,056 decrease in advertising expenses due to a decrease in promotional and outreach program costs as a result of the COVID-19 pandemic; a $68,971 decrease in interest on short-term debt because of RTD's reduced use of Line of Credit; and a $45,566 decrease in travel expenses due to COVID-19 pandemic restrictions.

Non-operating revenues primarily consist of operating subsidies from federal, state, and local funding sources. The net increase in non-operating revenues of $4,303,940 or 12% is primarily due to $4,764,066 Federal 5307 Coronavirus Aid, Relief, and Economic Security (CARES) Act grant that was applied to operations in fiscal year 2020.

Non-operating expenses are made up of long-term loan interest.

Capital contributions decreased by $19,380,877 or (84%) because there were fewer major projects in fiscal year 2020. Projects for the fiscal year were purchase of Van Go! lease vehicles, final phase construction of UTS, engine rebuild/replacement, tire lease, and passenger amenities improvements.

Fiscal year 2019 vs. 2018

RTD's fiscal year 2019 net operating revenues decreased by $101,564 or (3%) over fiscal year 2018. Operating revenues decreased primarily due to a decline in sales of adult 31-day and student 31-day bus passes. RTD provided 74 days of free rides to customers this fiscal year, which also contributed to the decrease in passenger fares.

Operating expenses increased by $5,322,808 or 11% primarily due to increases in salaries and fringe benefits, contract services, purchase transportation costs, and depreciation expense.

Operators' salaries increased by $436,897 or 12% in fiscal year 2019 as a result of labor agreement for represented employees. In September 2018, RTD received an arbitration decision awarding operator wage increase by 4.25% effective July 1, 2018. Other salaries increased $331,381 due to a 7.5% increase to the current rates for all represented maintenance staff (relative to the top operator wage) effective October 1, 2018, based on the same arbitration decision. Other salaries also increased due to promotions and merit increases for employees.

Fringe benefits increased $1,468,006 or 18% due to the following: a $554,503 increase in retirement plan costs as a result of an increase in contribution rates by 2.52%; a $519,387 increase in provision for workers compensation reserves; a $139,500 bonus pay (one-time) arbitration award for operators at $1,500 each; and a $103,020 increase in medical premium costs.

Contract service expenses increased $720,874 or 30% due to a $224,926 increase in ADA assessment costs as a result of the Consolidated Transportation Services Agency (CTSA) program that centralizes ADA certification for the entire County. In May 2018, the San Joaquin Council of Governments (SJCOG) unanimously approved the designation of RTD as the CTSA for the County and the program started in July 2018.

Legal services increased $343,190 because of legal fees incurred for represented employees' labor negotiation agreement, on-call legal services for labor relations, and the conversion of RTD's in-house legal counsel to outside legal services. Temporary help costs increased $113,985 mainly due to filling of vacated positions.

Purchased Transportation costs increased by $1,667,422 or 25%, mainly due to the new Van Go! service that was launched in fiscal year 2019. This new rideshare service in the County provides same day on-demand service. The increase in demand for dial-a-ride service also contributed to the increase in Purchased Transportation cost.

Depreciation expense increased by $926,327 or 9% primarily because of revenue vehicle purchases (commuter and electric buses) and the completion of the BRT IV Martin Luther King (MLK) Corridor construction, which began service in fiscal year 2019.

Non-operating revenues primarily consist of operating subsidies from federal, state, and local funding sources. The increase in non-operating revenues of $6,627,273 or 22% is primarily due to a $4,891,074 increase in Transportation Development Act (TDA) operating subsidies, a $1,028,940 in federal program 5311 which was available in the current fiscal year, and a $1,132,974 increase in Low Carbon Transit Operations Program (LCTOP).

Non-operating expenses are made up of long-term loan interest.

Capital contributions increased by $10,320,799 or 82% in fiscal year 2019, mainly due to the following projects: purchase of new commuter and electric buses, construction of MLK corridor, purchase of overhead bus electric chargers, installation of pedestrian collision avoidance systems in buses, and the cost for engines rebuild/replacement, transmissions, and passenger amenities improvements.

The net position as of June 30, 2017 was restated to reflect the effect of GASB Statement No. 75, Accounting and Financial Reporting for Other Post-Employment Benefits (OPEB).

Operating and Non-Operating Revenues

Below is a schedule showing major sources of operating and non-operating revenues for the fiscal years ended June 30, 2020, 2019, and 2018:

			2020 to 2019 Increase/Decrease			2019 to 2018 Increase/Decrease	
	2020	2019 (restated)	Amount	%	2018	Amount	%
Operating revenues by major source							
Passenger	$ 2,999,194	$ 3,116,865	$ (117,671)	-4%	$ 3,383,304	$ (266,439)	-8%
Auxiliary	103,533	112,853	(9,320)	-8%	120,399	(7,546)	-6%
Non-transportation	271,248	294,991	(23,743)	-8%	122,570	172,421	141%
	3,373,975	3,524,709	(150,734)	-4%	3,626,273	(101,564)	-3%
Non-operating revenues by major source							
Local property taxes	1,100,797	1,067,846	32,951	3%	994,899	72,947	7%
State and local cash grants	29,544,813	30,296,675	(751,862)	-2%	24,622,534	5,674,141	23%
Federal cash grants	10,237,933	5,246,408	4,991,525	95%	5,139,112	107,296	2%
Interest and investment income	36,193	18,318	17,875	98%	6,814	11,504	169%
Other non-operating revenues	16,260	2,809	13,451	479%	10,154	(7,345)	-72%
	40,935,996	36,632,056	4,303,940	12%	30,773,513	5,858,543	19%
Total revenues	$ 44,309,971	$ 40,156,765	$ 4,153,206	10%	$ 34,399,786	$ 5,756,979	17%

Revenues – Fiscal Year 2020 vs. 2019

Passenger fares revenue in fiscal year 2020 decreased by $117,671 or (4%). Operating revenues decreased primarily due to a decline in fare revenues as a result of a decline in ridership due to the COVID-19 pandemic and the Governor's stay at home order for non-essential workers. RTD's ridership declined significantly and as a result, RTD replaced its regular weekday services with weekend services seven days a week. RTD did not enforce fare collection on some of its services from March to August 2020 which also contributed to the decline in fare revenues.

Auxiliary revenues decreased by $9,320 or (8%) due to lower RTD advertising revenue. Non-transportation revenues decreased by $23,743 or (8%) primarily due to decrease in rent revenue from Greyhound Lines, Inc. for renting DTC space.

Local property tax revenue increased by $32,951 or 3% due to an increased apportionment to RTD from increasing property values.

State and local cash grants decreased by $751,862 or (2%) due to decreased apportionment from Transportation Development Act (TDA) State Transit Assistance (STA) of $874,644 in fiscal year 2020.

Federal cash grants increased by $4,991,525 or 95% mainly due to Federal 5307 (CARES) Act grant applied to fiscal year 2020 operations.

Interest and investment income increased by $17,875 or 98% due to overall higher cash balances in fiscal year 2020 as compared to the prior year.

Other non-operating revenues increased by $13,451 or 479% because there were more recoveries from insurance companies and third parties for damaged RTD properties in the current fiscal year.

Revenues – Fiscal Year 2019 vs. 2018

Passenger fares revenue in fiscal year 2019 decreased by $266,439 or (8%). Operating revenues decreased primarily due to a decline in sales of adult 31-day and student 31-day bus passes. RTD provided 74 days of free rides to customers this fiscal year, which also contributed to the decrease in passenger fares.

Auxiliary revenues decreased by $7,546 or (6%) due to lower RTD advertising revenue. Non-transportation revenues increased by $172,421 or 141% primarily due to rent collected from Greyhound Lines, Inc. for renting DTC space. Local property tax revenue increased by $72,948 or 7% due to an increased apportionment to RTD from increasing property values.

State and local cash grants increased by $5,674,141 or 23% also due to increased apportionment of TDA Local Transportation Funds (LTF) and STA of $4,891,074 in fiscal year 2019 as a result of higher sales tax generated by the state.

Federal cash grants increased $876,027 or 17%, mainly due to federal program 5311 which was available in the current fiscal year as compared to fiscal year 2018.

Interest and investment income increased by $11,504 or 169%, due to overall higher cash balances in fiscal year 2019 as compared to the prior year.

Other non-operating revenues decreased $7,345 or (72%), due to the fact that there were fewer recoveries from insurance companies and third parties for damaged RTD properties in the current year.

Below is a schedule showing the components of operating and non-operating expenses for the fiscal years ended June 30, 2020, 2019, and 2018:

			2020 to 2019 Increase/Decrease			2019 to 2018 Increase/Decrease	
	2020	2019	Amount	%	2018	Amount	%
Operating expenses							
Operators' salaries	$ 3,852,375	$ 4,192,602	$ (340,227)	-8%	$ 3,755,705	$ 436,897	12%
Other salaries	7,231,406	7,172,673	58,733	1%	6,841,292	331,381	5%
Fringe benefits	10,383,255	10,280,192	103,063	1%	8,228,186	2,052,006	25%
Pension expense	1,154,000	1,482,000	(328,000)	-22%	1,701,000	(219,000)	-13%
OPEB expense	(390,000)	(171,075)	(218,925)	128%	635,788	(806,863)	-127%
Service expenses	2,863,972	3,134,495	(270,523)	-9%	2,413,621	720,874	30%
Fuel and lubricants	1,212,534	1,553,430	(340,896)	-22%	1,320,845	232,585	18%
Tires and tubes	6,176	5,951	225	4%	8,481	(2,530)	-30%
Other materials and supplies	781,290	748,026	33,264	4%	1,083,547	(335,521)	-31%
Utilities	1,096,796	890,551	206,245	23%	865,770	24,781	3%
Insurance	1,027,679	1,075,422	(47,743)	-4%	845,477	229,945	27%
Taxes	239,389	264,833	(25,444)	-10%	212,394	52,439	25%
Purchased transportation	8,488,896	8,443,714	45,182	1%	6,776,292	1,667,422	25%
Other	573,101	1,033,771	(460,670)	-45%	1,021,705	12,066	1%
Depreciation	12,223,446	11,822,159	401,287	3%	10,895,832	926,327	9%
	50,744,315	51,928,744	(1,184,429)	-2%	46,605,935	5,322,809	11%
Non-operating expenses							
Interest expense	373,870	520,199	(146,329)	-28%	533,473	(13,274)	-2%
Total expenses	$ 51,118,185	$ 52,448,943	$ (1,330,758)	-3%	$ 47,139,408	$ 5,309,535	11%

Expenses – Fiscal Year 2020 vs. 2019

Total expenses (excluding depreciation, pension, and OPEB expenses) for fiscal year 2020 were $38,130,739 as compared to $39,315,860 in fiscal year 2019, which is a net decrease of $1,185,121 or (3%) from prior year.

Operators' salaries decreased by $340,227 or (8%) in fiscal year 2020 as a result of COVID-19 pandemic-related service changes from regular weekday service to weekend service seven days a week; the decrease is also caused by represented employees received a one-time wage increase through an arbitration decision in fiscal year 2019.

Other salaries increased $58,733 or 1% due to promotions.

Fringe benefits increased $103,063 or 1% primarily due to the following: a $125,808 increase in retirement plan costs as a result of increase in contribution rates by 2.20%; a $115,061 in new Families First Coronavirus Response Act (FFCRA) sick-leave pay related to the COVID-19 pandemic; and a $111,200 increase in medical premium costs. The increase in fringe benefits was partially offset by a $258,531 decrease in provision for workers compensation reserve.

Pension expense decreased by $328,000 or (22%) due to a decrease in the actuarially-determined pension liability in accordance with GASB Statement No. 68.

OPEB expense decreased by $218,925 or (128%) due to a decrease in the actuarially-determined OPEB liability in accordance with GASB Statement No. 75.

Service expenses decreased $270,523 or (9%) due to a $113,310 decrease in temporary help costs as a result of filling vacant full-time positions by regular employees. Professional consulting services decreased $102,370 because some consulting services for fiscal year 2020 were deferred due to the COVID-19 pandemic.

Fuel and lubricant expenses decreased $340,896 or (22%) primarily due to operating weekend service in place of regular service seven days a week from March to August 2020 as a result of the COVID-19 pandemic. Fuel expenses decreased also due to some underperforming routes being discontinued in fiscal year 2020 and the increased use of electric buses.

Tires and tubes reflect non-revenue vehicle tire expenses.

Other materials and supplies increased by $33,264 or 4% primarily due to purchase of COVID-19 pandemic materials and supplies like face coverings, sanitizers, disinfectant wipes, and gloves.

Utilities expenses increased by $206,245 or 23% because communication cost was higher in fiscal year 2020 due to additional network connections. Electric fuel costs also increased due to increased use of electric buses.

Insurance expense decreased by $47,743 or (4%) due to a decrease in premium coverage for physical damage. Fewer Incurred But Not Reported (IBNR) claims for fiscal year 2020 also contributed to the decrease.

Taxes reflect fuel and lubricant taxes, electric power taxes, property assessments, and permits and renewals. The net decrease of $25,444 or (10%) was mainly due to a decrease in fuel taxes due to lower fuel usage.

Purchased Transportation costs increased by $45,182 or 1%, mainly due to RTD's Van Go!, its on-demand service that operated for twelve months in fiscal year 2020 compared to nine months in fiscal year 2019.

The net decrease in other expenses of $460,670 or (45%), is mainly due to the following: a $216,326 reduction in lease revenue vehicle costs because RTD purchased the leased vehicles with capital funds in fiscal year 2020; a $110,056 decrease in advertising expenses due to a decrease in promotional and outreach program costs as a result of the COVID-19 pandemic; a $68,971 decrease in interest on short-term debt because of RTD's reduced use of Line of Credit; and a $45,566 decrease in travel expenses due to COVID-19 pandemic restrictions.

Depreciation expense increased by $401,287 or 3% primarily because of additional revenue vehicle purchased and the UTS being in service for the full fiscal year in 2020 compared to four months in fiscal year 2019.

Interest expense is related to the Measure K loan payable.

Expenses – Fiscal Year 2019 vs 2018

Total expenses (excluding depreciation, pension, and OPEB expenses) for fiscal year 2019 were $39,315,860 as compared to $34,399,788 in fiscal year 2018, which is a net increase of $4,916,071 or 14% from prior year.

Operators' salaries increased by $436,897 or 12% in fiscal year 2019 as a result of labor agreement for represented employees. In September 2018, RTD received an arbitration decision awarding operator wage increase by 4.25% effective July 1, 2018.

Other salaries increased $331,381 or 5% primarily due to a 7.5% increase to the current rates for all represented maintenance staff (relative to the top operator wage) effective October 1, 2018 based on the same arbitration decision. Other salaries also increased due to promotions and merit increases for employees.

Fringe benefits increased $2,052,006 or 25% primarily due to the following: a $554,503 increase in retirement plan costs as a result of increase in contribution rates by 2.52%; a $519,387 increase in provision for workers compensation reserve; $139,500 bonus pay (one-time) arbitration award for operators at $1,500 each; and $103,020 increase in medical premium costs.

Pension expense decreased by $219,000 or (13%) due to a decrease in the actuarially-determined pension liability in accordance with GASB Statement No. 68.

OPEB expense decreased by $806,863 or (127%) due to a decrease in the actuarially-determined OPEB liability in accordance with GASB Statement No. 75.

Contract services increased by $720,874 or 30% primarily due to a $224,926 increase in ADA assessment costs as a result of the Consolidated Transportation Services Agency (CTSA) program that centralizes ADA certification for the entire County. In May 2018, the San Joaquin Council of Governments (SJCOG) unanimously approved the designation of RTD as the CTSA for the County and the program started in July 2018.

Legal services increased $343,190 because of legal fees incurred for represented employees' labor negotiation agreement, on-call legal services for labor relations, and the conversion of RTD's in-house legal counsel to outside legal services. Temporary help costs increased $113,985 because of filling vacant positions.

Fuel and lubricants expenses increased by $232,585 or 18% mainly due to higher fuel cost per gallon and higher fuel usage in fiscal year 2019 as compared to fiscal year 2018. In fiscal year 2019, RTD bought 8 new unleaded fuel buses for the new Van Go! Service, which also contributed to higher fuel costs. Tires and tubes reflect nonrevenue vehicle tire expenses, and in fiscal year 2019, the $2,530 or (30%) decrease is due to less tire wear and tear. Other materials and supplies decreased by $335,521 or (31%) primarily due to fewer parts usage in fiscal year 2019.

Utilities expenses increased by $24,781 or 3% because communications cost was higher in fiscal year 2019 due to additional network connections. Electric fuel usage was also higher as a result of increased use of electric buses. There was a total of 17 electric buses in service in fiscal year 2019 as compared to 12 in the prior year.

As a result of new revenue vehicles purchased and the completion of the BRT IV Martin Luther King (MLK) Corridor construction, insurance expense increased by $229,945 or 27% due to an increase in premium coverage for 1) excess auto & general liability and 2) physical damage. Settlement payouts and recording incurred but not reported (IBNR) claims for fiscal year 2019 also contributed to the increase.

Taxes reflect fuel and lubricant taxes, electric power taxes, property assessments, and permits and renewals. The increase of $52,439 or 25% was mainly due to an increase in fuel expenses.

Purchased Transportation costs increased by $1,667,422 or 25%, mainly due to the new Van Go! service that was launched in fiscal year 2019. This new rideshare service in the County provides same day on-demand service. The increase in demand for dial-a-ride service also contributed to the increase in Purchased Transportation cost.

Other expenses increased by $12,066 or 1% mainly due to advertising expenses for promotion and outreach for new services.

Depreciation expense increased by $926,327 or 9% primarily because of revenue vehicle purchases (commuter and electric buses) and the completion of the BRT IV Martin Luther King (MLK) Corridor construction, which was placed in service in fiscal year 2019.

Interest expense is related to the Measure K loan payable.

Statements of Net Position

A comparison of RTD's Statements of Net Position as of June 30, 2020, 2019, and 2018 is as follows:

			2020 to 2019 Increase/Decrease			2019 to 2018 Increase/Decrease	
	2020	2019 (restated)	Amount	%	2018	Amount	%
Current and other assets	$ 32,977,616	$ 27,400,198	$ 5,577,418	20%	$ 32,497,636	$ (5,097,438)	-16%
Capital assets, net of accumulated depreciation	119,577,479	128,969,647	(9,392,168)	-7%	117,437,197	11,532,450	10%
Total assets	152,555,095	156,369,845	(3,814,750)	-2%	149,934,833	6,435,012	4%
Deferred outflows of resources related to pensions	3,398,000	4,868,000	(1,470,000)	-30%	6,317,000	(1,449,000)	-23%
Deferred outflows of resources related to OPEB	1,091,624	1,251,624	(160,000)	-13%	1,312,812	(61,188)	-5%
Total deferred outflows of resources	4,489,624	6,119,624	(1,630,000)	-27%	7,629,812	(1,510,188)	-20%
Current liabilities	13,376,147	14,017,771	(641,624)	-5%	15,965,617	(1,947,846)	-12%
Long-term liabilities	49,339,867	50,719,782	(1,379,915)	-3%	54,319,551	(3,599,769)	-7%
Total liabilities	62,716,014	64,737,553	(2,021,539)	-3%	70,285,168	(5,547,615)	-8%
Deferred inflows of resources related to pensions	683,000	1,367,000	(684,000)	-50%	2,064,000	(697,000)	-34%
Deferred inflows of resources related to OPEB	1,227,337	754,337	473,000	63%	269,600	484,737	180%
Total deferred inflows of resources	1,910,337	2,121,337	(211,000)	-10%	2,333,600	(212,263)	-9%
Net position							
Net investment in capital assets	109,777,479	117,169,647	(7,392,168)	-6%	103,637,197	13,532,450	13%
Unrestricted	(17,359,111)	(21,539,068)	4,179,957	-19%	(18,691,320)	(2,847,748)	-15%
Total net position	$ 92,418,368	$ 95,630,579	$ (3,212,211)	-3%	$ 84,945,877	$ 10,684,702	13%

June 30, 2020 vs June 30, 2019

Current and other assets increased by $5,577,418 or 20% as compared to the prior year primarily due to the following: a $3.8 million increase in cash and cash equivalents as a result of federal reimbursements received for current fiscal year's operating expenses; a $631,509 net increase in receivables mainly from 5307 CARES Act.

Capital assets, net of accumulated depreciation, decreased by $9,392,168 or (7%) primarily due to an increase in accumulated depreciation because the prior year's capital purchases were placed in service and depreciated for partial year compared to full-year depreciation in fiscal year 2020.

Total deferred outflows of resources decreased by $1,630,000 or (27%) as compared to the prior year primarily due to the decrease in the net difference between actual and projected earnings on investments related to pensions by $1,470,000. The decrease in deferred outflows of resources related to OPEB also contributed to the overall decrease.

Current liabilities decreased by $641,624 or (5%) primarily due to a decrease in accounts payable as a result of fewer purchases prior to fiscal year end because of lower service level during the COVID-19 pandemic.

Long-term liabilities decreased by $1,379,915 or (3%) primarily due to $2,000,000 payment of long-term portion of Measure K loan payable and a net decrease in OPEB liability.

Total deferred inflows of resources decreased by $211,000 or (10%) primarily due to the decrease in the differences between expected and actual experience related to pensions by $684,000, which was partially offset by the increase in deferred inflows of resources related to OPEB by $473,000.

Net investment in capital assets decreased by $7,392,168 or (6%), due to increase in accumulated depreciation.

The unrestricted net deficit decreased by $4,179,957 or (19%) compared to the prior year. This decrease was primarily due to net investment in capital assets decreasing more than total net position in the current year.

June 30, 2019 vs June 30, 2018

Current and other assets decreased by $5,097,438 or (16%) as compared to the prior year primarily due to a $3.5 million decrease in receivables, related to 1) a $5.1 million decrease in federal grants receivable related to federal reimbursements received in the current year related to prior year's capital projects costs (purchase of new Hopper buses, electric charges, and the BRT IV and BRT V construction projects) and 2) a $1.8 million decrease in the total Measure K receivable due to payments received during the year, which was partially offset by a $1.3 million increase in TDA funds receivable from SJCOG. The $2.7 million decrease in receivables was partially offset by a $2 million increase in cash and cash equivalents. In fiscal year 2019, RTD received federal reimbursements for the prior year's capital projects such as purchase of new Hopper buses, electric chargers, and cost of BRT IV and BRT V construction projects.

Capital assets, net of accumulated depreciation, increased by $11,532,450 or 10% primarily due to the purchase of new commuter and electric buses, construction of MLK corridor, and purchase of overhead bus electric chargers in the current year. The noncurrent portion of the Measure K receivable decreased due to a change in agreement to pay $2,000,000 in principal each year as compared to $200,000 in prior years.

Total deferred outflows of resources decreased by $1,510,188 or (20%) as compared to the prior year primarily due to the decrease in the net difference between actual and projected earnings on investments related to pensions by $1,449,000. The decrease in deferred outflows of resources related to OPEB also contributed to the overall decrease.

Current liabilities decreased by $1,947,846 or (12%) primarily due to a $5,750,000 decrease in the line of credit payable, as federal reimbursement receivables related to prior years were received in fiscal year 2019 and thus RTD did not need to use the line of credit. This was partially offset by 1) a $1.8 million increase in the current portion of the Measure K loan payable due to a change in agreement to pay $2,000,000 in principal each year as compared to $200,000 in prior years to escalate paying off the loan and 2) a $1.9 million increase in accounts payable and other liabilities due to receiving some significant vendor invoices towards the end of the current fiscal year.

Long-term liabilities decreased by $3,599,769 or (7%) primarily due to a decrease of $3,800,000 in the long term portion of the Measure K loan payable due to a change in agreement to pay $2,000,000 in principal each year as compared to $200,000 in prior years to escalate paying off the loan.

Total deferred inflows of resources decreased by $212,263 or (9%) primarily due to the decrease in the differences between expected and actual experience related to pensions by $697,000 which was partially offset by the increase in deferred inflows of resources related to OPEB by $484,737.

Net investment in capital assets increased by $13,532,450 or 13% due to the purchase of revenue vehicles (commuter and electric buses), construction costs incurred related to the MLK corridor improvement capital projects, and the purchase of overhead bus electric chargers in the current fiscal year.

The unrestricted net deficit increased by $2,847,748 or 15% compared to the prior year. This increase was primarily due to total expenses of $52,448,943, exceeding total revenues of $40,156,765 in the current year.

Capital Assets

Capital assets – net of accumulated depreciation as of June 30, 2020, 2019, and 2018 – are comprised of the following:

			2020 to 2019 Increase/Decrease			2019 to 2018 Increase/Decrease	
	2020	2019	Amount	%	2018	Amount	%
Capital assets not being depreciated							
Land	$ 11,379,166	$ 11,379,166	$ -	0%	$ 11,379,166	$ -	0%
Work in process	6,002	395,322	(389,320)	-98%	5,258,681	(4,863,359)	-92%
Total capital assets not being depreciated	11,385,168	11,774,488	(389,320)	-3%	16,637,847	(4,863,359)	-29%
Capital assets being depreciated							
Buildings	85,826,178	85,410,462	415,716	0%	79,153,937	6,256,525	8%
Revenue equipment	80,635,449	81,637,536	(1,002,087)	-1%	73,511,219	8,126,317	11%
Service vehicles, shop, office and other equipment	37,185,730	35,835,473	1,350,257	4%	31,964,580	3,870,893	12%
Total capital assets being depreciated	203,647,357	202,883,471	763,886	0%	184,629,736	18,253,735	10%
Less: accumulated depreciation							
Buildings	(22,270,557)	(19,418,899)	(2,851,658)	15%	(16,636,892)	(2,782,007)	17%
Revenue equipment	(45,715,030)	(41,728,650)	(3,986,380)	10%	(43,231,625)	1,502,975	-3%
Service vehicles, shop, office and other equipment	(27,469,459)	(24,540,763)	(2,928,696)	12%	(23,961,869)	(578,894)	2%
Total accumulated depreciation	(95,455,046)	(85,688,312)	(9,766,734)	11%	(83,830,386)	(1,857,926)	2%
Capital assets, net	$ 119,577,479	$ 128,969,647	$ (9,392,168)	-7%	$ 117,437,197	$ 11,532,450	10%

June 30, 2020 vs. June 30, 2019

Capital assets, net of accumulated depreciation, decreased by $9,392,168 or (7%) primarily due to increase in accumulated depreciation because prior year's capital purchases were placed in service and a partial-year depreciation in fiscal year 2019 compared to full-year depreciation in fiscal year 2020.

June 30, 2019 vs. June 30, 2018

Capital assets, net of accumulated depreciation, increased by $11,532,450 as compared to the prior year. This increase was due to $23 million in capital assets additions in fiscal year 2019, mainly related to purchase of revenue vehicles (commuter and electric buses), construction costs incurred related to the corridor improvement capital projects (BRT IV & V construction projects), and purchase of overhead bus electric chargers, which was partially offset by current year depreciation expense of $11.8 million.

See Note 4 for further information.

Long-Term Debt

Long-term debt as of June 30, 2020, 2019, and 2018, is comprised of the following:

	2020	2019	2020 to 2019 Increase/Decrease Amount	%	2018	2019 to 2018 Increase/Decrease Amount	%
Measure K loan payable	$ 9,800,000	$ 11,800,000	$ (2,000,000)	-17%	$ 13,800,000	$ (2,000,000)	-14%
Line of credit payable	-	-	-	0%	5,750,000	(5,750,000)	-100%
	$ 9,800,000	$ 11,800,000	$ (2,000,000)	-17%	$ 19,550,000	$ (7,750,000)	-40%

June 30, 2020 vs. June 30, 2019

The total Measure K loan payable balance decreased by $2,000,000 due to the principal payment during fiscal year 2020. RTD used $2 million of its Measure K receivable balance to reduce the principal balance of the Measure K loan payable per the agreement.

Line of credit is used only when there are delays in receipt of awarded-fund reimbursements. Line of credit has zero balance in fiscal years 2019 and 2020.

June 30, 2019 vs. June 30, 2018

The total Measure K loan payable balance decreased by $2,000,000 due to the principal payment during fiscal year 2019. RTD used $2 million of the Measure K receivable balance to reduce the principal balance of the Measure K loan payable per the agreement.

See Note 8 for further information.

Economic Condition, Outlook, and Activity

RTD's operating and capital planning decisions are based on the strategic initiatives contained within its annual Strategic Plan. RTD's mission and vision statements guide the initiatives. Our primary mission is to provide a safe, reliable, and efficient transportation system for the region. Our vision is to be the transportation service of choice for the residents we serve. RTD operates on a balanced budget.

RTD's operations are funded mostly by sales tax revenues from State and Local sources and operating assistance from Federal sources. RTD closely monitors economic conditions to proactively plan for sustainable operations. The impact of the pandemic on RTD appears to be mild compared to other transit districts because RTD ensures funding is secured before it starts spending on capital projects; RTD also employs effective and proactive planning strategies. RTD immediately reduced its weekday service to weekend service level during the onset of the pandemic when a stay-at-home order was in place. CARES Act Federal relief funds mitigated losses in revenue, funded unanticipated pandemic-related expenses, and provided operating assistance to continue operations during the pandemic.

RTD is anticipating further COVID-19 pandemic impact on revenue sources in the months ahead. As the end of the pandemic is unknown, RTD's economic outlook will be challenged. RTD will restructure service and staffing level in the months ahead to adjust to changing conditions. Transit System Redesign study will be conducted and pilot services will be implemented to continue to provide sustainable, safe, and efficient service to the community it serves.

RTD achieved significant accomplishments in fiscal year 2020 that supported its strategic plan. The most notable of which are the following:

1. Installed 5 electric depot chargers at the RTC and second overhead electric charger at the UTS.
2. Concluded annual CHP inspections with zero defects and complied with drug and alcohol policies.
3. Replaced Automatic Vehicle Locator (AVL) systems in some buses.
4. Equipped Bus Rapid Transit (BRT) route buses with Wi-Fi capabilities.
5. Purchased 6 Van Go! Vans for ride sharing on-demand service.

Contacting RTD's Financial Management

RTD's financial report is designed to provide RTD's Board of Directors, management, and the public with an overview of RTD's finances. For additional information about this report, please contact CEO Gloria Salazar, San Joaquin RTD, P. O. Box 201010, Stockton, California 95201.

BASIC FINANCIAL STATEMENTS

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020	2019 (Restated)
ASSETS		
Current Assets		
Cash and cash equivalents	$ 8,474,773	$ 4,648,590
Receivables	14,934,318	11,534,078
Materials and supplies inventory	938,466	823,217
Prepaid expenses and other assets	830,059	594,313
Total current assets	25,177,616	17,600,198
Noncurrent assets		
Measure K receivable	7,800,000	9,800,000
Capital assets, nondepreciable	11,385,169	11,774,488
Capital assets, net depreciable	108,192,310	117,195,159
Total noncurrent assets	127,377,479	138,769,647
TOTAL ASSETS	152,555,095	156,369,845
DEFERRED OUTFLOWS OF RESOURCES		
Pension	3,398,000	4,868,000
OPEB	1,091,624	1,251,624
Total Deferred Outflows of Resources	4,489,624	6,119,624
LIABILITIES		
Current Liabilities		
Accounts payable and other liabilities	2,545,503	5,099,356
Accrued payroll and benefits	717,576	781,759
Accrued vacation - current portion	158,518	163,153
Accrued sick leave - current portion	349,198	461,601
Self insurance claims liability - current portion	340,714	1,291,795
Unearned revenue	7,264,638	4,220,107
Measure K loan payable - current portion	2,000,000	2,000,000
Total Current Liabilities	13,376,147	14,017,771
Noncurrent Liabilities		
Accrued vacation	357,707	386,222
Accrued sick leave	544,754	622,880
Self insurance claims liability	1,824,406	442,680
Measure K loan payable	7,800,000	9,800,000
Net pension liability	32,804,000	32,436,000
Net OPEB liability	6,009,000	7,032,000
Total Noncurrent Liabilities	49,339,867	50,719,782
Total Liabilities	62,716,014	64,737,553
DEFERRED INFLOWS OF RESOURCES		
Pension	683,000	1,367,000
OPEB	1,227,337	754,337
Total Deferred Inflows of Resources	1,910,337	2,121,337
NET POSITION		
Net investment in capital assets	109,777,479	117,169,647
Unrestricted	(17,359,111)	(21,539,068)
Total Net Position	$ 92,418,368	$ 95,630,579

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

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019 (Restated)
Operating Revenues		
Passenger fares for transit services	$ 2,999,194	$ 3,116,865
Auxiliary transportation	103,533	112,853
Non-transportation revenues	271,248	294,991
Total Operating Revenues	3,373,975	3,524,709
Operating Expenses		
Operators' salaries	3,852,375	4,192,602
Other salaries	7,231,406	7,172,673
Fringe benefits	10,383,255	10,280,192
Pension expense	1,154,000	1,482,000
OPEB expense	(390,000)	(171,075)
Contract services	2,863,972	3,134,495
Fuel and lubricants	1,212,534	1,553,430
Tires and tubes	6,176	5,951
Other materials and supplies	781,290	748,026
Utilities	1,096,796	890,551
Insurance	1,027,679	1,075,422
Taxes	239,389	264,833
Purchased transportation	8,488,896	8,443,714
Other	573,101	1,033,771
Depreciation	12,223,446	11,822,159
Total Operating Expenses	50,744,315	51,928,744
Operating Loss	(47,370,340)	(48,404,035)
Nonoperating Revenues (Expenses)		
Local property taxes	1,100,797	1,067,846
State and local cash grants	29,544,813	30,296,675
Federal cash grants	10,237,933	5,246,408
Interest and investment income	36,193	18,318
Recoveries	16,260	2,809
Interest expense	(373,870)	(520,199)
Total Nonoperating Revenues (Expenses)	40,562,126	36,111,857
Net Loss Before Capital Contributions	(6,808,214)	(12,292,178)
Capital Contributions		
Grants restricted for capital purposes	3,596,003	22,976,880
Change in Net Position	(3,212,211)	10,684,702
Total Net Position, Beginning of Year	95,630,579	84,945,877
Total Net Position, End of Year	$ 92,418,368	$ 95,630,579

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

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 3,400,785	$ 3,514,806
Payments to suppliers	(19,071,720)	(15,282,926)
Payments to employers	(21,324,253)	(20,752,823)
Net Cash Used in Operating Activities	(36,995,188)	(32,520,943)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal operating grants received	9,449,961	11,142,965
State and local operating grants received	27,008,726	26,539,010
Taxes received	1,100,797	1,067,846
Proceeds from line of credit	-	4,700,000
Payments of line of credit payable	-	(10,450,000)
Interest paid	(373,870)	(632,525)
Net Cash Provided by Noncapital Financing Activities	37,185,614	32,367,295
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash receipt of Measure K loan receivable	-	1,800,000
Capital grants received	6,537,543	23,765,131
Acquisition of capital assets	(2,954,239)	(23,409,587)
Recoveries for capital assets damaged	16,260	2,808
Net Cash Flows Provided by Capital and Related Financing Activities	3,599,564	2,158,352
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and investment income received	36,193	18,318
Net Increase in Cash and Cash Equivalents	3,826,183	2,023,022
Cash and Cash Equivalents, Beginning of Year	4,648,590	2,625,568
Cash and Cash Equivalents, End of Year	$ 8,474,773	$ 4,648,590

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

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
STATEMENT OF CASH FLOWS (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	$ (47,370,340)	$ (48,404,035)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation expense	12,223,446	11,822,159
Write-off of capital assets	122,961	54,979
Increase (decrease) in assets and deferred outflows of resources:		
Receivables	20,704	(11,985)
Materials and supplies inventory	(115,249)	(108,035)
Prepaid expenses and other assets	(235,746)	(49,860)
Deferred outflows of resources related to pensions	1,470,000	1,449,000
Deferred outflows of resources related to OPEB	160,000	61,188
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and other liabilities	(2,553,853)	1,947,955
Accrued payroll and benefits	(64,183)	76,319
Accrued vacation	(33,150)	5,258
Accrued sick leave	(190,529)	124,405
Unearned revenue	6,106	2,081
Self insurance claims liability	430,645	686,662
Deferred inflows of resources related to pensions	(684,000)	(697,000)
Deferred inflows of resources related to OPEB	473,000	484,737
Net pension liability	368,000	730,000
Net OPEB liability	(1,023,000)	(717,000)
Net Cash Used in Operating Activities	$ (36,995,188)	$ (32,543,172)
SUPPLEMENTAL NONCASH FINANCING AND INVESTING ACTIVITIES:		
Measure K receivable used to reduce Measure K loan payable per agreement	2,000,000	2,000,000

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

San Joaquin Regional Transit District (RTD) was organized in 1964 as the Stockton Metropolitan Transit District. In 1994, it was renamed the San Joaquin Regional Transit District to better describe its expanded service area. RTD provides local, inter-city and inter-regional public transportation to the residents of San Joaquin County, California (the County). Commuter service to the Bay Area and Sacramento are also provided by RTD. The RTD is governed by a five-member board consisting of two members appointed by the Stockton City Council, two members appointed by the County Board of Supervisors, and one jointly appointed member by the City Council and Board of Supervisors. The RTD is fiscally independent of the City of Stockton and the County insofar as neither makes budget apportionments to RTD.

B. Measurement Focus, Basis of Accounting, and Presentation

The financial statements of RTD have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Measurement Focus

The statement of net position and the statement of revenues, expenses, and changes in net position are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with operations are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the statement of net position and statement of revenues, expenses, and changes in net position, business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with RTD's principal ongoing operational activities. Charges to customers represent RTD's principal operating revenues and include passenger fares, special transit fares, and auxiliary transportation. Operating expenses include the cost of operating, maintenance and support of transit services and related capital assets, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and/or expenses.

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

Certain indirect costs are included in program expenses reported for individual functions and activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting, and Presentation (Continued)

Basis of Accounting (Continued)

Non-exchange transactions, in which RTD gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis of accounting, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been met.

C. Pooled Cash and Investments

Cash from various governmental agencies is pooled for investment purposes by the County Treasurer. Interest received on the investment is prorated to individual agencies based on their average cash balances.

The County is authorized to deposit cash and invest excess funds by the California Government Code section 53648 et. seq. The funds maintained by the County are either secured by Federal depository insurance or collateralized. These pooled funds are carried at cost, which approximates market value. The funds are available for withdrawal with a 3-day notice.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, RTD considers pooled cash and investments, and deposits in financial institutions (including deposited cash) having an original maturity of three months or less to be cash and cash equivalents.

E. Investments

RTD reports investments at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The change in fair value is included in interest and investment income in the statement of revenues, expenses, and changes in net position.

F. Property Taxes

The County assesses properties, bills for, and collects property taxes per the following schedule:

	Secured	Unsecured
Valuation dates	March 1	March 1
Lien/levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10, April 10	August 31

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by RTD in the fiscal year they are levied.

G. Materials and Supply Inventory

Inventory is stated at cost. Inventory held by RTD consists of spare bus parts that are consumed by RTD and are not for resale purposes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

Property and equipment are carried at cost. RTD's capitalization threshold is $500. Capital assets are depreciated using the straight-line method over the following estimated lives:

	Years
Buildings and structures	10 – 40 years
Revenue equipment	7 – 10 years
Service vehicles, shop, office, and other equipment	5 –10 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are expensed as incurred. Such costs are included in operating expenses.

I. Accrued Vacation and Sick Leave

The accrued vacation and sick leave liability are recorded on the statement of net position and is segregated between current and long-term. Changes to the liability are recorded as an increase or decrease to operating expenses on the statement of revenues, expenses, and changes in net position.

Full-time employees accumulate vacation based on length of service. Unused accrued vacation is paid out to employees at the date of termination.

For represented employees, a maximum limit of 239 sick days may be accrued. Upon retirement or termination, an employee will be paid 100% of the value of unused sick leave based upon the wage rate of the employee at the date of retirement or termination. Employees, at their option, may elect to use these funds to pay the cost of the health insurance conversion program, receive the funds in cash, or place the funds into a deferred compensation plan.

After a probationary period, represented employees accrue sick leave according to the following schedule:

Years of Service	Sick Leave Accrual
Less than 1 year worked	1/4 day per month
1 year through 2 years worked	1/2 day per month
2 years or more worked	1 day per month

Beginning with any accumulated balance carried over from prior contracts, which was a maximum of 203 days, the maximum accumulation of sick leave was increased by 12 days each year of the current collective bargaining agreement. The maximum limit was 215 days effective July 1, 2006; 227 days effective July 1, 2007; and 239 days effective July 1, 2008.

Provided that an employee has remaining sick leave of 480 hours, any sick leave in excess thereof can be submitted for payment in September of each year to be paid in December of that year at the wage rate of the employee at that time in cash, into a deferred compensation plan, or at any time during the year can be donated to another employee. Such donations can be made to other employees irrespective of the number of hours of sick leave on mutual agreement of the parties. Non-represented employees accrue 3.69 hours of sick leave per pay period and may not accrue more than 2,080 hours of sick leave at any time.

Upon retirement, employees shall be paid 100% of the value of unused sick leave based upon the wage rate of the employee at the date of retirement. Employees, at their option, may elect to use these funds to pay the cost of the Consolidated Omnibus Budget Reconciliation Act (COBRA) health insurance conversion program, receive the funds in cash, or place the funds into a deferred compensation plan.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Accrued Vacation and Sick Leave (Continued)

During the fiscal year ended June 30, 2017, the new sick leave law for part-time employees took effect. The law applies to employees who work 30 or more days within a year after they begin employment and complete at least 90 days of employment prior to taking any accrued sick time. Part-time employees accrue 1.33 hours of sick leave per pay period.

J. Classification of Revenues and Expenses

Operating revenues include activities that have the characteristics of exchange transactions such as passenger revenues and advertising revenues.

Operating expenses relate to activities with suppliers and to employees and on behalf of employees and do not result from transactions defined as capital and related financing, noncapital financing, or investing activities.

Non-operating revenues include activities that have the characteristics of nonexchange transactions and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

Examples of non-operating revenues include sales tax revenues, federal grants and investment income.

Non-operating expenses result from transactions defined as capital and related financing, non-capital financing, or investing activities.

K. Unearned Revenue

Unearned revenue arises when resources are received by RTD before they are earned.

L. Federal, State, and Local Grants

Federal, state and local grants are accounted for in accordance with the purpose for which the grants are intended. Grants for operating assistance and the acquisition of equipment are recorded as revenues in the year in which the related grant eligibility requirements are met. Advances received on grants are recorded as unearned revenue until related grant eligibility requirements are met.

M. Pension Plan

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Plan for Members of the San Joaquin Regional Transit District (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

N. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the San Joaquin Regional Transit District Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for short-term investments which are carried at cost, which approximates fair value.

NOTE 1 – <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

O. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

P. Contributed Capital

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, capital grants are required to be included in the determination of net income. Capital contributions resulted in an increase in net position of $3,596,003 and $22,976,880 for the fiscal years ended June 30, 2020 and 2019, respectively.

Q. Net Position

Net position represents the residual interest in RTD's assets and deferred outflows after liabilities and deferred inflows are deducted. Net position is presented in three broad components: net investment in capital assets; restricted; and unrestricted. Net position – net investment in capital assets includes capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Net position is restricted when constraints are imposed by the third parties or by law through constitutional provisions or enabling legislation. All other net position is unrestricted. Operating losses excluding depreciation are funded by operating and capital reserves.

R. Funding Sources

RTD's primary funding sources are as follows:

Transportation Development Act (TDA)

The TDA provides two sources of funding for public transportation, the Local Transportation Fund (LTF) and the State Transit Assistance (STA) Program. The LTF was created to collect one fourth cent of the State's retail sales tax collected statewide, which ranges from 8.75% - 9.25%. The one fourth cent is returned by the State Board of Equalization to each county based on the amount of tax collected in that county. TDA funds are apportioned, allocated, and paid in accordance with instructions from the State and distributed through the San Joaquin Council of Governments (SJCOG) on an annual basis to RTD for specific transportation purposes. For the fiscal years ended June 30, 2020 and 2019, RTD received and spent apportionments of local transportation funds of $22,392,033 and $22,381,519, respectively, to meet, in part, its operating requirements.

The STA *Program* provides a second source of funding for transportation planning and mass transportation purposes as specified by California Legislation.

Proposition 1B

In November 2006, California voters approved the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 to authorize $19.925 billion of state general obligation bonds for specified purposes. RTD receives funding for capital projects under two of these categories: The Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) and the Transit System Safety, Security, and Disaster Response Account (TSSSDRA).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Funding Sources (Continued)

Proposition 1B (Continued)

For fiscal years 2020 and 2019, RTD received TSSSDRA funds of $0 and $0, respectively. RTD received PTMISEA funds of $0 and $1,110,216 in fiscal years 2020 and 2019, respectively.

Federal Transportation Assistance

Federal Transportation Assistance represents funding from the Federal Transit Administration (FTA) within the U.S. Department of Transportation to assist local transportation needs.

Under provisions of the FTA, 49 U.S.C. Sections 5309 and 5307, Federal resources are made available for planning, capital and capitalized maintenance, subject to certain limitations. For the fiscal years ended June 30, 2020 and 2019, RTD received and spent federal assistance of $10,237,933 and $6,015,139, respectively.

S. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results may differ from those estimates.

T. Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation.

U. Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2020, RTD adopted the following new statements of the Governmental Accounting Standards Board (GASB):

GASB Statement No. 95

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* This statement is effective immediately. The effective dates for GASB Statements No. 84, 89, 90, 91, 92, and 93 were postponed by one year for RTD. The effective date for GASB Statement No. 87 was postponed by 18 months for RTD.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2020 and 2019, consisted of the following:

	2020	2019
Petty cash	$ 450	$ 450
Deposits with financial institutions	2,188,468	2,771,295
Cash and investments pooled with the County Treasurer	6,285,855	1,876,845
Total cash and cash equivalents	$ 8,474,773	$ 4,648,590

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

County Pool

The fair value of RTD's investment in the County pool is reported in the financial statements at amounts based upon RTD's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Investments Authorized by the California Government Code and RTD's Investment Policy

The table below identifies the investment types that are authorized for RTD by the California Government Code (or RTD's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or RTD's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of RTD, rather than the general provisions of the California Government Code or RTD's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreement	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The funds maintained by the County are either secured by Federal depository insurance or collateralized.

RTD has no formal policy relating to a specific interest rate risk.

Disclosures Related to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Treasury does not have a rating provided by a nationally recognized statistical rating organization.

RTD has no formal policy relating to a specific credit risk.

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Concentration of Credit Risk

The investment policy of RTD contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represented 5% or more of total RTD investments as of June 30, 2020 and 2019.

Custodial Credit Risk

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

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and RTD's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities through the use of mutual funds or government investment pools (such as the County Treasury).

Fair Value Measurements

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

RTD does not hold investments that are measured at fair value on a recurring basis. RTD's deposit with the County Treasury as of June 30, 2020 and 2019, is reported at the RTD's pro-rata share of the amortized cost provided by the County for the entire portfolio. This amount approximates fair value.

NOTE 3 – RECEIVABLES

Receivables at June 30, 2020 and 2019, consisted of the following:

	2020	2019
Governmental receivables		
Measure K receivable	$ 2,053,668	$ 2,224,866
Federal grants receivable	6,701,588	5,913,616
State and local grants receivable	364,223	873,282
TDA funds due from SJCOG	5,548,346	2,298,979
Total governmental receivables	14,667,825	11,310,743
Accounts receivables from customers and users	57,033	77,737
Other receivables	209,460	145,598
Total receivables - current	$ 14,934,318	$ 11,534,078
Measure K receivable - non-current	$ 7,800,000	$ 9,800,000

Refer to Note 8 for further discussion of the Measure K receivable.

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2020, was as follows:

	July 1, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Capital Assets Not Being Depreciated:					
Land	$ 11,379,166	$ -	$ -	$ -	$ 11,379,166
Work in progress	395,322	475,151	-	(864,470)	6,003
Total Capital Assets Not Being Depreciated	11,774,488	475,151	-	(864,470)	11,385,169
Capital Assets Being Depreciated:					
Buildings	85,410,462	95,524	-	320,191	85,826,177
Revenue equipment	81,637,536	739,017	(1,741,105)	-	80,635,448
Service vehicles, shop, office, and other equipment	35,835,473	1,644,547	(838,567)	544,279	37,185,732
Total Capital Assets Being Depreciated	202,883,471	2,479,088	(2,579,672)	864,470	203,647,357
Less Accumulated Depreciation for:					
Buildings	(19,418,899)	(2,851,658)	-	-	(22,270,557)
Revenue equipment	(41,728,650)	(5,621,521)	1,635,142	-	(45,715,029)
Service vehicles, shop, office, and other equipment	(24,540,763)	(3,750,267)	821,569	-	(27,469,461)
Total Accumulated Depreciation	(85,688,312)	(12,223,446)	2,456,711	-	(95,455,047)
Total Capital Assets, Net	$ 128,969,647	$ (9,269,207)	$ (122,961)	$ -	$ 119,577,479

NOTE 4 – CAPITAL ASSETS (Continued)

Capital assets activity for the fiscal year ended June 30, 2019, was as follows:

	July 1, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Capital Assets Not Being Depreciated:					
Land	$ 11,379,166	$ -	$ -	$ -	$ 11,379,166
Work in progress	5,258,681	4,505,432	-	(9,368,791)	395,322
Total Capital Assets Not Being Depreciated	16,637,847	4,505,432	-	(9,368,791)	11,774,488
Capital Assets Being Depreciated:					
Buildings	79,153,937	59,273	-	6,197,253	85,410,463
Revenue equipment	73,511,219	15,362,914	(7,236,597)	-	81,637,536
Service vehicles, shop, office, and other equipment	31,964,580	3,481,969	(2,782,615)	3,171,539	35,835,473
Total Capital Assets Being Depreciated	184,629,736	18,904,156	(10,019,212)	9,368,791	202,883,471
Less Accumulated Depreciation for:					
Buildings	(16,636,892)	(2,782,007)	-	-	(19,418,899)
Revenue equipment	(43,231,625)	(5,695,553)	7,198,528	-	(41,728,650)
Service vehicles, shop, office, and other equipment	(23,961,869)	(3,344,599)	2,765,705	-	(24,540,763)
Total Accumulated Depreciation	(83,830,386)	(11,822,159)	9,964,233	-	(85,688,312)
Total Capital Assets, Net	$ 117,437,197	$ 11,587,429	$ (54,979)	$ -	$ 128,969,647

Depreciation expense for the fiscal years ended June 30, 2020 and 2019, totaled $12,223,446 and $11,822,159, respectively.

Depreciation expense for capitalized expenditures related to capital assets for capital grant purposes for the fiscal years ended June 30, 2020 and 2019, totaled:

	2020	2019
Capitalized wages and benefits	$ 11,566	$ -
Tires and tubes	218,276	214,791
Other materials and supplies	44,485	213,497
Total	$ 274,327	$ 428,288

NOTE 5 – ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities at June 30, 2020 and 2019, consisted of the following:

	2020	2019
Trade payables	$ 2,224,349	$ 4,883,596
Accrued interest payable	283,416	135,039
Other payables	37,738	80,721
Total	$ 2,545,503	$ 5,099,356

NOTE 6 – ACCRUED VACATION

The following is a summary of changes in the accrued vacation liability for the fiscal years ended June 30, 2020 and 2019:

	July 1, 2019	Additions	Reductions	June 30, 2020	Current Portion
Accrued vacation	$ 549,375	$ 800,470	$ (833,620)	$ 516,225	$ 158,518

	July 1, 2018	Additions	Reductions	June 30, 2019	Current Portion
Accrued vacation	$ 544,117	$ 793,374	$ (788,116)	$ 549,375	$ 163,153

NOTE 7 – ACCRUED SICK LEAVE

The following is a summary of changes in the accrued sick leave liability for the fiscal years ended June 30, 2020 and 2019:

	July 1, 2019	Additions	Reductions	June 30, 2020	Current Portion
Accrued sick leave	$ 1,084,481	$ 560,236	$ (750,765)	$ 893,952	$ 349,198

	July 1, 2018	Additions	Reductions	June 30, 2019	Current Portion
Accrued sick leave	$ 960,076	$ 560,770	$ (436,365)	$ 1,084,481	$ 461,601

NOTE 8 – LONG-TERM OBLIGATIONS

Measure K Loan Payable

In January 2015, RTD entered into a Measure K loan agreement with SJCOG. The total loan amount available to RTD is $14,500,000. The total loan payable at June 30, 2020 and 2019, amounted to $9,800,000 and $11,800,000, respectively. The loan carries an interest rate of 3.815% over an 18-year period. Interest is due semiannually on March 1 and September 1. The principal balance of the loan is deducted annually starting June 30, 2015, pursuant to an agreed-upon amortization schedule. As security for the interest payments, RTD pledges anticipated allocations of Measure K renewal bus transit funds. In an event of a default in payment of any amount, the entire amount shall become due at the option of SJCOG.

Changes in the Measure K loan payable for the fiscal years ended June 30, 2020 and 2019, are as follows:

	July 1, 2019	Additions	Reductions	June 30, 2020	Current Portion
Measure K loan payable	$ 11,800,000	$ -	$ (2,000,000)	$ 9,800,000	$ 2,000,000

	July 1, 2018	Additions	Reductions	June 30, 2019	Current Portion
Measure K loan payable	$ 13,800,000	$ -	$ (2,000,000)	$ 11,800,000	$ 2,000,000

For the fiscal years ended June 30, 2020 and 2019, interest paid on the Measure K loan payable was $225,493 and $632,525, respectively.

NOTE 8 – LONG-TERM OBLIGATIONS (Continued)

Measure K Loan Payable (Continued)

Future maturities of the Measure K loan payable at June 30, 2020, were as follows:

Year Ending June 30	Principal	Interest
2021	$ 2,000,000	$ 373,870
2022	2,000,000	297,570
2023	2,000,000	221,270
2024	2,000,000	144,970
2025	1,800,000	68,670
Total	$ 9,800,000	$ 1,106,350

NOTE 9 – SELF-INSURANCE CLAIMS

RTD is partially self-insured under various risk management programs. RTD is liable for claims relating to public liability and property damage up to $1,000,000. Claims in excess of $1,000,000 up to $10,000,000 are insured with commercial carriers. For workers' compensation, RTD is liable for claims up to $1,000,000. Claims in excess of $1,000,000 up to $10,000,000 are insured with commercial carriers. It is RTD's policy to accrue the estimated liability for the self-insured portion of these claims. The liability is estimated through an actuarial calculation using known pending claims and statistical analyses of historical claims data. Non-incremental claims adjustment expenses have been included as part of the liability.

Changes in the self-insurance claims liability for the fiscal years ended June 30, 2020 and 2019, are summarized as follows:

	June 1, 2019	Insured Claims	Claims Paid	June 30, 2020	Current Portion
Workers' compensation	$ 1,449,550	$ 1,189,249	$ (830,480)	$ 1,808,319	$ 172,041
General liability	284,925	123,335	(51,459)	356,801	168,673
Totals	$ 1,734,475	$ 1,312,584	$ (881,939)	$ 2,165,120	$ 340,714

	June 1, 2018	Insured Claims	Claims Paid	June 30, 2019	Current Portion
Workers' compensation	$ 877,035	$ 1,268,070	$ (695,555)	$ 1,449,550	$ 1,149,603
General liability	170,778	216,077	(101,930)	284,925	142,192
Totals	$ 1,047,813	$ 1,484,147	$ (797,485)	$ 1,734,475	$ 1,291,795

There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

NOTE 10 – UNEARNED REVENUE

Unearned revenue consisted of the following at June 30, 2020 and 2019:

	2020	2019
Passenger Fares	$ 67,284	$ 61,178
Operating Assistance:		
STA operating grant funds	-	885,865
TDA operating grant funds	286,829	311,686
LTF operating grand funds	471,157	-
Other operating grant funds	1,064,956	528,506
Capital Assistance:		
STA capital grant funds	5,374,412	2,351,365
PTMISEA capital grant funds	-	61,463
TSSSDRA capital grant funds	-	20,044
Total	$ 7,264,638	$ 4,220,107

Operating Assistance and Passenger Fares

Changes in unearned revenue by funding source for the fiscal years ended June 30, 2020 and 2019, are summarized as follows:

June 30, 2020

	STA Grant Funds	TDA Grant Funds	LCTOP Grant Funds	LTF Grant Funds	Other Grant Funds	Passsenger Fares	Total
Excess operating funds at July 1, 2019	$ 885,865	$ 311,686	$ -	$ -	$ 528,506	$ 61,178	$ 1,787,235
Allocation received	905,232	-	1,055,070	757,444	4,964,682	67,284	7,749,712
Interest earned	-	-	11,032	-	-	-	11,032
Funds available	1,791,097	311,686	1,066,102	757,444	5,493,188	128,462	9,547,979
Eligible costs	(1,791,097)	(24,857)	(1,066,102)	(286,287)	(4,428,232)	(61,178)	(7,657,753)
Excess operating funds at June 30, 2020	$ -	$ 286,829	$ -	$ 471,157	$ 1,064,956	$ 67,284	$ 1,890,226

June 30, 2019

	STA Grant Funds	TDA Grant Funds	LCTOP Grant Funds	LTF Grant Funds	Other Grant Funds	Passsenger Fares	Total
Excess operating funds at July 1, 2018	$ 1,423,107	$ 250,000	$ 776,158	$ 132,126	$ 496,115	$ 59,097	$ 3,136,603
Allocation received	2,665,741	75,000	566,109	368,516	32,391	61,178	3,768,935
Interest earned	-	-	14,021	-	-	-	14,021
Funds available	4,088,848	325,000	1,356,288	500,642	528,506	120,275	6,919,559
Eligible costs	(3,202,983)	(13,314)	(1,356,288)	(500,642)	-	(59,097)	(5,132,324)
Excess operating funds at June 30, 2019	$ 885,865	$ 311,686	$ -	$ -	$ 528,506	$ 61,178	$ 1,787,235

NOTE 10 – UNEARNED REVENUE (Continued)

Capital Assistance

Changes in unearned revenue by funding source for the fiscal years ended June 30, 2020 and 2019, were as follows:

June 30, 2020

	STA Grant Funds	PTMISEA Grant Funds	TSSSDRA Grant Funds	Total
Excess capital funds at July 1, 2019	$ 2,351,365	$ 61,464	$ 20,044	$ 2,432,873
Interest earned	-	526	106	632
Allocation received	4,244,457	-	-	4,244,457
Funds available	6,595,822	61,990	20,150	6,677,962
Less eligible costs - capitalized	(1,221,410)	(61,990)	(20,150)	(1,303,550)
Excess capital funds at June 30, 2020	$ 5,374,412	$ -	$ -	$ 5,374,412

June 30, 2019

	STA Grant Funds	PTMISEA Grant Funds	TSSSDRA Grant Funds	Total
Excess operating funds at July 1, 2018	$ 474,789	$ 176,175	$ 993,657	$ 1,644,621
Allocation received	-	4,215	13,875	18,090
Interest earned	2,806,209	1,110,216	-	3,916,425
Funds available	3,280,998	1,290,606	1,007,532	5,579,136
Eligible costs	(929,633)	(1,229,142)	(987,488)	(3,146,263)
Excess operating funds at June 30, 2019	$ 2,351,365	$ 61,464	$ 20,044	$ 2,432,873

NOTE 11 – DEFINED BENEFIT PENSION PLAN

A. General

Plan Description and Benefits Provided

The Retirement Plan for Members of the San Joaquin Regional Transit District, a single-employer defined benefit pension plan (the Plan), provides retirement, health, disability, and death benefits to substantially all of its administrative and contract employees. Employees who retire at or after age 62 with 5 years of credited services are entitled to a retirement benefit, payable monthly for life, equal to 2% of their monthly final compensation times the years of credited service. Final compensation is the average of the 36 consecutive months with the highest earnings. Benefits vest on reaching 5 years of service. Vested employees may retire at or after age 55 with ten years of service and receive reduced retirement benefits, subject to approval of the Retirement Board. In addition, all pension and disability benefits for those employees, who retire at any age, are increased by $40 per month.

Effective January 1, 2017, all active non-represented and non-vested employees were transitioned from the Plan to the new 401(a) Retirement Savings Plan. See Note 13 for further information.

The Plan issues a publicly available report which may be obtained by contacting RTD Retirement at 421 E Weber Ave, PO Box 201010, Stockton, California 95201.

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

A. General (Continued)

Plan Description and Benefits Provided (Continued)

The Plan's provisions and benefits in effect at June 30, 2020 and 2019, are summarized as follows:

	2020	2019
Benefit formula	2.0% at 62	2.0% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55-62	55-62
Monthly benefits as a % of eligible compensation	2.00%	2.00%
Required employee contribution rate	19.74%	18.12%
Required employer contribution rate	25.86%	23.79%

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

	Count
Receiving benefits	146
Entitled but not receiving benefits	36
Active employees	147

Contributions

The Plan's Board has the authority for establishing and amending the funding policy. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age normal with frozen initial liability actuarial funding method. The contribution rate in each calendar year is based on the actuarial valuation performed the previous July 1. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

B. Net Pension Liability

RTD's net pension liability is measured as the total pension liability, less the Plan's fiduciary net position. The net pension liability of the Plan for the fiscal years ended June 30, 2020 and 2019, were measured as of June 30, 2019 and 2018, respectively, using the same annual actuarial valuation date of June 30, 2019 and 2018. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2019 and 2018 actuarial valuation were determined using the following actuarial assumptions:

	2020	2019
Valuation Date	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2018
Actuarial Assumptions:		
Discount Rate	6.5% net of investment expenses (1)	6.5% net of investment expenses (1)
Inflation	2.75%	2.75%
Salary Increases	3.00 % plus merit/longevity increases based on entry age and service (CalPERS 1997-2011 Experience Study for Miscellaneous public agency employees)	3.00 % plus merit/longevity increases based on entry age and service (CalPERS 1997-2011 Experience Study for Miscellaneous public agency employees)
Cost of living increase	0.92% per year	0.92% per year
Long-term investment rate of return	6.5% net of investment expenses based on the 2.75% inflation assumption (2)	6.5% net of investment expenses based on the 2.75% inflation assumption (2)
Mortality rate table	The Society of Actuaries RP-2014 Table with Blue and White Collar adjustment for Represented and non-Represented employees, respectively, projected for future mortality improvement using Society of Actuaries mortality improvement scale MP-18.	The Society of Actuaries RP-2014 Table with Blue and White Collar adjustment for Represented and non-Represented employees, respectively, projected for future mortality improvement using Society of Actuaries mortality improvement scale MP-2014 modified to converge to its ultimate rates in 2022.

(1) Assumes employer and employees will contribute actuarially determined contribution

(2) The long-term asset allocation was 54% global equity, 6% real estate, 39% fixed income, and 1% cash.

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The table below reflects the 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. These rates of return are net of administrative expenses.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	54%	4.82%
Real Estate Investment trust	6%	3.76%
Fixed Income	39%	1.47%
Cash	1%	0.06%

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

C. Changes in Net Pension Liability

The changes in the net pension liability over the measurement periods reported were as follows:

	Increase (Decrease)		
Measurement Period 2018-19	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning Balance	$ 73,069,000	$ 40,633,000	$ 32,436,000
Changes in the year:			
Service Cost	1,536,000	-	1,536,000
Interest	4,723,000	-	4,723,000
Differences between Expected and Acutal Experience	71,000	-	71,000
Changes of Assumptions	(188,000)	-	(188,000)
Contribution - Employer	-	2,367,000	(2,367,000)
Contribution - Employee	-	1,556,000	(1,556,000)
Net Investment Income	-	1,954,000	(1,954,000)
Benefit Payments, Including Refunds of Employee Contributions	(3,879,000)	(3,879,000)	-
Administrative Expenses	-	(103,000)	103,000
Net Changes	2,263,000	1,895,000	368,000
Ending Balance	$ 75,332,000	$ 42,528,000	$ 32,804,000

	Increase (Decrease)		
Measurement Period 2017-18	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning Balance	$ 69,850,000	$ 38,144,000	$ 31,706,000
Changes in the year:			
Service Cost	1,578,000	-	1,578,000
Interest	4,525,000	-	4,525,000
Differences between Expected and Acutal Experience	739,000	-	739,000
Changes of Assumptions	-	-	-
Contribution - Employer	-	1,934,000	(1,934,000)
Contribution - Employee	-	1,402,000	(1,402,000)
Net Investment Income	-	2,880,000	(2,880,000)
Benefit Payments, Including Refunds of Employee Contributions	(3,623,000)	(3,623,000)	-
Administrative Expenses	-	(104,000)	104,000
Net Changes	3,219,000	2,489,000	730,000
Ending Balance	$ 73,069,000	$ 40,633,000	$ 32,436,000

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

C. Changes in Net Pension Liability (Continued)

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

The following presents the net pension liability, calculated using the discount rate for the Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability	$ 42,435,000	$ 32,804,000	$ 24,777,000

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Plan financial report.

D. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal years ended June 30, 2020 and 2019, RTD recognized pension expense of $3,642,000 and $3,849,000, respectively. At June 30, 2020 and 2019, RTD reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 431,000	$ 544,000	$ 925,000	$ 1,304,000
Changes of Assumptions	450,000	139,000	1,576,000	-
Net Differences between Projected and Actual Earnings on Investments	29,000	-	-	63,000
Employer Contributions Made Subsequent to the Measurement Date	2,488,000	-	2,367,000	-
Total	$ 3,398,000	$ 683,000	$ 4,868,000	$ 1,367,000

$2,488,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ended June 30, 2020.

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

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 224,000
2022	(183,000)
2023	48,000
2024	138,000
2025	-
Thereafter	-
Total	$ 227,000

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

E. Payable to the Pension Plan

At June 30, 2020 and 2019, RTD did not have an outstanding amount of contributions to the pension plan required for the fiscal years ended June 30, 2020 and 2019, respectively.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Retirement Plan for Members of the San Joaquin Regional Transit District, a single-employer defined benefit pension plan (the Plan), also provides postretirement health benefits to substantially all of its administrative and contract employees. The Retirement Plan's financial statements and additional reports can be obtained by contacting the Administrative Office at 421 East Weber Avenue, Stockton, CA 95202.

Benefits Provided

For retirements before August 1, 2010, retirees with at least 30 years of service retiring after age 55, or those with at least 25 years of service retiring after age 62 receive the same medical, dental and vision coverage for themselves and their spouses as active employees. Retirees with 25 years of service retiring before age 62 will receive full benefits upon attainment of age 62, if they have paid for coverage for themselves and their spouses from the date of retirement.

For retirements after August 1, 2010, retirees after age 55 and 25 years of service, the retiree and spouse receive the same medical, dental and vision benefits as current active employees. The retiree pays a fixed dollar amount of the premiums, equal to the same percentage used to calculate the retiree's pension benefit times the active contribution percentage of the premium amount at retirement. The retiree's contribution remains fixed.

Funding Policy

The Plan's Board has the authority for establishing and amending the funding policy. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age normal with frozen initial liability actuarial funding method. The contribution rate in each calendar year is based on the actuarial valuation performed the previous July 1.

Net OPEB Liability

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

Employees Covered by the Benefit Terms

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

Category	Count
Inactive employees or beneficiaries currently receiving benefit payments	56
Inactive employees entitled to but not yet receiving benefit payment	-
Active employees	147

NOTE 12 – <u>OTHER POSTEMPLOYMENT BENEFITS (OPEB)</u> (Continued)

Actuarial Methods and Assumptions (Continued)

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. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability for the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.75%
Salary Increases	3.0% plus merit/longevity increases based on entry age and service
Discount Rate	6.50% net of investment expenses
Healthcare Trend Rates	Non-Medicare - 7.00% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.1% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality Rate	The Society of Actuaries RP-2014 Table with Blue and White Collar adjustment for Represented and non-Represented employees, respectively, projected for future mortality improvement using Society of Actuaries mortality improvement scale MP-2018.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) was used and developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	63%	4.82%
Real Estate Investment Trust	7%	3.76%
Fixed Income	29%	1.47%
Cash	1%	0.06%

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the employer and members contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was determined to be the long-term expected rate of return on OPEB plan investments.

Change in the Net OPEB Liability

The changes in the net OPEB liability for the measurement period 2018-19 is as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018	$ 12,683,000	$ 5,651,000	$ 7,032,000
Changes for the Year:			
Service Cost	262,000	-	262,000
Interest on the total OPEB liability	820,000	-	820,000
Difference Between Actual and Expected Experience	(853,000)	-	(853,000)
Changes in Assumptions	(43,000)	-	(43,000)
Contributions - Employer	-	461,000	(461,000)
Contributions - Employer (Implied Subsity benefit payments)	-	123,000	(123,000)
Contributions - Member	-	382,000	(382,000)
Net Investment Income	-	249,000	(249,000)
Benefit Payments - Cash	(522,000)	(522,000)	-
Benefit Payments - Implied Subsity	(123,000)	(123,000)	-
Administrative expense	-	(6,000)	6,000
Net Changes	(459,000)	564,000	(1,023,000)
Balance at June 30, 2019 (measurement date)	$ 12,224,000	$ 6,215,000	$ 6,009,000

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

The total OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) follows:

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB Liability	$ 7,882,000	$ 6,009,000	$ 4,490,000

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

The total OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates follows:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	$ 4,358,000	$ 6,009,000	$ 8,067,000

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the Plan recognized OPEB expense of $186,000. At June 30, 2020, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Made Subsequent to the Measurement Date	$ 576,000	$ -
Differences Between Expected and Actual Experience	32,000	1,105,000
Changes of Assumptions	484,000	36,000
Net Difference Between Projected and Actual Earnings on Investments	-	87,000
Total	$ 1,092,000	$ 1,228,000

$576,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021.

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

For the Fiscal Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2021	$ (143,000)
2022	(145,000)
2023	(75,000)
2024	(152,000)
2025	(183,000)
Thereafter	(14,000)
Total	$ (712,000)

Payable to the OPEB Plan

At June 30, 2020, RTD did not have an outstanding amount of contributions to the OPEB plan required for the fiscal year ended June 30, 2020.

NOTE 13 – 401(a) RETIREMENT SAVINGS PLAN

Plan Description

In October 2017, RTD's Board approved to transition all active employees who are non-represented and non-vested in the defined benefit pension plan as of December 31, 2017, to the SJRTD 401(a) Retirement Savings Plan (the Plan) effective January 1, 2017. The Plan is a profit-sharing defined contribution plan under section 401(a) of the Internal Revenue Code.

NOTE 13 – 401(a) RETIREMENT SAVINGS PLAN (Continued)

Eligible Employees

All non-represented future new hires are eligible to participate in the Plan. Current represented employees and non-represented vested employees will continue participation in the defined benefit pension plan, which will remain open for represented new hires.

Eligible employees are those employees of RTD, provided they are not considered as excluded employees under the terms of the Plan. The Plan excludes from participation the following categories of employees:

- Employees covered under a collective bargaining agreement
- Employees vested in the RTD Defined Benefit Plan
- Leased employees
- Certain part-time, seasonal, and temporary employees (as defined under the Plan)

Contributions

Under the Plan, RTD makes contributions to the Plan on behalf of the employee. Plan participants are eligible to make “pick-up” contributions. Such contributions are made by the employee and “picked-up” and treated as an employer contribution. As a pickup contribution, the employee makes a contribution to the Plan and RTD picks up the related tax liability. Employer contributions may also be made on behalf of eligible participants equal to 10% of Plan compensation. Total contributions are subject to Internal Revenue Service (IRS) maximum limits. Participants may also rollover amounts into the Plan from other qualified retirement plans.

Total contributions to the Plan for the fiscal years ended June 30, 2020 and 2019, amounted to $311,497 and $275,479, respectively.

Vesting

Plan participants are immediately 100% vested in pick-up contributions and any rollover contributions. Participants become vested in the employer contributions upon completion of three years of vesting service. Certain exceptions to the vesting schedule are specified in the Plan Document.

Distributions

Upon termination of service, a participant with a vested account balance in excess of $5,000 may elect to receive in one of the following: (a) a lump-sum amount equal to the entire vested account balance, (b) partial distribution if permitted by Plan Administrator, or (c) rollover all (or any portion) of distribution to another qualified plan. If the vested account balance is $5,000 or less, a participant may elect to receive a lump-sum amount or may elect to rollover the distribution to another qualified plan.

NOTE 14 – OPERATING LEASES

RTD leases certain parking space, building space, and other equipment. Future minimum lease payments under the said leases at June 30, 2020, were as follows.

Year Ending June 30,	Amount
2021	$ 8,775
2022	8,775
2023	8,775
Total	$ 26,325

Total lease payments for the fiscal years ended June 30, 2020 and 2019, amounted to $71,270 and $63,048, respectively.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Lawsuits

RTD is involved in various claims and litigations arising in the ordinary course of its operations. RTD management, after consultation with RTD's General Counsel, believes that they have sufficient insurance coverage so that resolution of such matters will not have a material effect on RTD's financial position or results of operations as of and for the fiscal year ended June 30, 2020.

Federal and State Grant Programs

RTD participates in Federal and State grant programs. These programs were audited in accordance with the provisions of the Uniform Guidance and applicable state requirements. No cost disallowance is expected as a result of these audits; however, these programs may be subject to further examination by the grantors. Awards which may be disallowed by the granting agencies, if any, cannot be determined at this time. Management expects such amounts, if any, to be immaterial.

Construction Commitments

RTD has entered into various contracts for the purchase of materials, professional and non-professional services for construction projects. At June 30, 2020 and 2019, construction commitments totaled $900,031 and $1,368,273, respectively.

NOTE 16 – SENATE BILL 1 (SB 1) – STATE OF GOOD REPAIR

The Road Repair and Accountability Act of 2017, SB 1 (Chapter 5, Statutes of 2017), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred to as the State of Good Repair (SGR) program. This program provides funding of approximately $105 million annually to the State Transit Assistant Account. These funds are to be made available for eligible transit maintenance, rehabilitation, and capital projects.

This program demonstrates California's commitment to clean, sustainable transportation, and the role that public transit plays in that vision. While SB 1 addresses a variety of transportation needs, this program has a specific goal of keeping transit systems in a state of good repair, including the purchase of new transit vehicles, the maintenance and rehabilitation of transit facilities and vehicles. These investments will lead to cleaner transit vehicle fleets, increased reliability and safety, and reduced greenhouse gas emissions and other pollutants.

In the fiscal years ended June 30, 2020 and 2019, RTD received SGR funds of $92,306, and $0, respectively.

NOTE 17 – SUBSEQUENT EVENTS

RTD has evaluated events subsequent to June 30, 2020, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 31, 2020, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that, no subsequent events occurred that require recognition or additional disclosure in the financial statements.

The COVID-19 pandemic outbreak in the United States has caused business disruption through mandated closings of businesses. While the disruption is expected to be temporary, the durations of the closings and the related financial impacts on the RTD remain uncertain and cannot be estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, 2020
LAST 10 YEARS*

Reporting Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Changes in Total Pension Liability						
Service Cost	$ 1,536,000	$ 1,578,000	$ 1,503,000	$ 1,912,000	$ 1,702,000	$ 1,397,000
Interest	4,723,000	4,525,000	4,562,000	4,610,000	4,031,000	3,837,000
Difference Between Expected and Actual Experience	71,000	739,000	(343,000)	(3,148,000)	2,402,000	414,000
Changes in Assumptions	(188,000)	-	2,379,000	-	3,171,000	1,718,000
Benefit Payments, Including Refunds of Member Contributions	(3,879,000)	(3,623,000)	(3,832,000)	(3,457,000)	(3,045,000)	-
Changes of Benefit Terms (401(a) Plan Participants)	-	-	-	(13,000)	-	(2,905,000)
Net Changes	2,263,000	3,219,000	4,269,000	(96,000)	8,261,000	4,461,000
Total Pension Liability - Beginning of Year	73,069,000	69,850,000	65,581,000	65,677,000	57,416,000	52,955,000
Total Pension Liability - End of Year	$ 75,332,000	$ 73,069,000	$ 69,850,000	$ 65,581,000	$ 65,677,000	$ 57,416,000
Changes in Plan Fiduciary Net Position						
Contributions - Employer	$ 2,367,000	$ 1,934,000	$ 1,952,000	$ 1,970,000	$ 1,703,000	$ 1,576,000
Contributions - Employee	1,556,000	1,402,000	1,594,000	1,662,000	1,384,000	1,269,000
Net Investment Income	1,954,000	2,880,000	4,308,000	(86,000)	250,000	4,989,000
Benefit Payments, Including Refunds of Member Contributions	(3,879,000)	(3,623,000)	(3,832,000)	(3,457,000)	(3,045,000)	(2,905,000)
Administrative Expenses	(103,000)	(104,000)	(79,000)	(199,000)	(112,000)	(122,000)
Net Changes	1,895,000	2,489,000	3,943,000	(110,000)	180,000	4,807,000
Fiduciary Net Position - Beginning of Year	40,633,000	38,144,000	34,201,000	34,311,000	34,131,000	29,324,000
Fiduciary Net Position - End of Year	$ 42,528,000	$ 40,633,000	$ 38,144,000	$ 34,201,000	$ 34,311,000	$ 34,131,000
Net Pension Liability - End of Year	$ 32,804,000	$ 32,436,000	$ 31,706,000	$ 31,380,000	$ 31,366,000	$ 23,285,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.45%	55.61%	54.61%	52.15%	52.24%	59.45%
Covered Payroll	$ 9,539,000	$ 8,122,000	$ 8,672,000	$ 11,389,000	$ 10,355,000	$ 9,960,000
Net Pension Liability as a Percentage of Covered Payroll	343.89%	399.36%	365.61%	275.53%	302.91%	233.79%

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN
AS OF JUNE 30, 2020
LAST 10 YEARS*

	June 30,						
Measurement Period	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$ 2,488,000	$ 2,367,000	$ 1,934,000	$ 1,952,000	$ 2,028,000	$ 1,703,000	$ 1,576,000
Contributions in Relation to the Actuarially Determined Contributions	2,488,000	2,367,000	1,934,000	1,952,000	2,028,000	1,703,000	1,576,000
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 9,157,000	$ 9,539,000	$ 8,122,000	$ 8,672,000	$ 11,389,000	$ 10,355,000	$ 9,960,000
Contribution as a Percentage of Covered Payroll	27.17%	24.81%	23.81%	22.51%	17.81%	16.45%	15.82%
Notes to Schedule:							
Valuation date	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2014	July 1, 2013	July 1, 2012

Method and assumptions used to calculate actuarially determined contribution:

Discount Rate	6.50% net of investment expenses
Inflation Rate	2.75%
Administrative Expenses	Average: prior 3 years
Actuarial Cost Method	Entry-Age Normal, level percent of payroll
Amortization Method	19 year amortization (closed period) from 7/1/2019, level % of pay
Employer and Employee Contributions	Total contributions are shared evenly between employer and employee, except the employer pays full costs attributable to death and disability benefits, and a small portion of prior frozen UAAL. PEPRA members pay a Normal Cost rate that is ½ of the total Normal Cost.
All Other Assumptions	Same as those used to develop the Total Pension Liability, 7/1/2018 valuation basis

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY AND RELATED RATIOS
JUNE 30, 2020
LAST 10 YEARS*

Reporting Date	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Period	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability			
Service Cost	$ 262,000	$ 266,000	$ 254,000
Interest on Total OPEB Liability	820,000	828,000	795,000
Difference Between Expected and Actual Experience	(853,000)	(570,000)	62,000
Changes in Assumptions	(43,000)	-	910,000
Benefit Payments, inlcuding Implied Subsidy	(645,000)	(629,000)	(660,000)
Net Change in Total OPEB Liability	(459,000)	(105,000)	1,361,000
Total OPEB Liability - Beginning of Year	12,683,000	12,788,000	11,427,000
Total OPEB Liability - End of Year	$ 12,224,000	$ 12,683,000	$ 12,788,000
Changes in Plan Fiduciary Net Position			
Net Investment Income	$ 249,000	$ 424,000	$ 650,000
Contributions - Employer	461,000	371,000	202,000
Contributions - Employer (Implied Subsidy Benefit Payments)	123,000	122,000	137,000
Contributions - Employee	382,000	330,000	188,000
Benefit Payments, Cash	(522,000)	(507,000)	(523,000)
Benefit Payments, Implied Subsidy	(123,000)	(122,000)	(137,000)
Administrative Expenses	(6,000)	(6,000)	(3,000)
Net Change in Plan Fiduciary Net Position	564,000	612,000	514,000
Fiduciary Net Position - Beginning of Year	5,651,000	5,039,000	4,525,000
Fiduciary Net Position - End of Year	$ 6,215,000	$ 5,651,000	$ 5,039,000
Net OPEB Liability - End of Year	$ 6,009,000	$ 7,032,000	$ 7,749,000
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	50.84%	44.56%	39.40%
Covered Payroll	$ 9,824,000	$ 8,220,000	$ 8,739,000
Net OPEB Liability as a Percentage of Covered Payroll	61.17%	85.55%	88.67%

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN
JUNE 30, 2020
LAST 10 YEARS*

	June 30,			
Measurement Period	2020	2019	2018	2017
Actuarially Determined Contribution	$ 576,000	$ 584,000	$ 493,000	$ 339,000
Contributions in Relation to the Actuarially Determined Contributions	576,000	584,000	493,000	339,000
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 9,303,000	$ 9,824,000	$ 8,220,000	$ 8,739,000
Contribution as a Percentage of Covered Payroll	6.19%	5.94%	6.00%	3.88%

Notes to Schedule:

Valuation date	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015

Method and assumptions used to calculate actuarially determined contribution:

Discount Rate	6.50% net of investment expenses
Inflation Rate	2.75%
Administrative Expenses	Average: prior 3 years
Actuarial Cost Method	Entry-Age Normal, level percent of payroll
Amortization Method	19 year amortization (closed period) from 7/1/2019, level % of pay
Employer and Employee Contributions	Total contributions are shared evenly between employer and employee, except the employer pays full costs attributable to death and disability benefits, and a small portion of prior frozen UAAL. PEPRA members pay a Normal Cost rate that is ½ of the total Normal Cost.
All Other Assumptions	Same as those used to develop the Total Pension Liability, 7/1/2018 valuation basis

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

STATISTICAL SECTION

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
DESCRIPTION OF STATISTICAL SECTION CONTENTS
JUNE 30, 2020

This part of the San Joaquin Regional Transit District's (RTD) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and required supplementary information says about the RTD's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the RTD's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader asses the RTD's most significant operating revenue, passenger fares.

Demographic and Economic Information

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

Operating Information

These schedules contain contextual information about RTD's operations and resources to assist readers in using financial statement information to understand and assess RTD's economic condition.

Sources: Unless otherwise noted, the information in these schedules is derived from RTD's comprehensive annual financial reports for the relevant year.

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
SCHEDULE OF NET POSITION
LAST TEN FISCAL YEARS

	2020	2019 Restated*	2018	2017 Restated*	2016	2015**	2014	2013	2012 Restated*	2011
NET POSITION										
Net investment in capital assets	$ 109,777,479	$ 117,169,647	$ 103,637,197	$ 101,276,836	$ 98,686,109	$ 105,664,696	$ 84,601,525	$ 62,146,508	$ 64,677,914	$ 63,585,269
Unrestricted	(17,359,111)	(21,539,068)	(18,691,320)	(16,247,418)	(7,366,596)	(11,215,667)	1,592,319	1,809,183	1,381,501	2,213,639
Total	$ 92,418,368	$ 95,630,579	$ 84,945,877	$ 85,029,418	$ 91,319,513	$ 94,449,029	$ 86,193,844	$ 63,955,691	$ 66,059,415	$ 65,798,908

* Adjustments were made to properly reflect changes in net position as the result of prior periods adjustments.
** Certain prior year amounts have been reclassified to conform to current year presentation.

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
SCHEDULE OF CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2020	2019 Restated*	2018	2017**	2016	2015**	2014	2013	2012 Restated*	2011
OPERATING REVENUE										
Total Operating Revenues	$ 3,373,975	$ 3,524,709	$ 3,626,273	$ 3,827,801	$ 4,303,400	$ 4,760,481	$ 5,009,828	$ 4,597,689	$ 4,828,063	$ 5,065,271
Total Operating Expenses	(50,744,315)	(51,928,744)	(46,605,935)	(43,854,012)	(42,767,545)	(39,858,489)	(38,423,299)	(37,364,469)	(38,793,669)	(38,911,320)
OPERATING LOSS	(47,370,340)	(48,404,035)	(42,979,662)	(40,026,211)	(38,464,145)	(35,098,008)	(33,413,471)	(32,766,780)	(33,965,606)	(33,846,049)
Total Nonoperating Revenues	40,935,996	36,632,056	30,773,513	28,156,778	27,893,134	26,384,247	25,042,192	24,476,569	25,965,629	24,162,468
Total Nonoperating Expenses	(373,870)	(520,199)	(533,473)	(533,105)	(550,875)	(35,410)	-	-	-	-
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(6,808,214)	(12,292,178)	(12,739,622)	(12,402,538)	(11,121,886)	(8,749,171)	(8,371,279)	(8,290,211)	(7,999,977)	(9,683,581)
Total Capital Contributions	3,596,003	22,976,880	12,656,081	12,741,263	7,926,550	38,157,481	31,643,064	6,186,487	12,420,887	7,312,941
CHANGES IN NET POSITION	$ (3,212,211)	$ 10,684,702	$ (83,541)	$ 338,725	$ (3,195,336)	$ 29,408,310	$ 23,271,785	$ (2,103,724)	$ 4,420,910	$ (2,370,640)

* Adjustments were made to properly reflect changes in net position as the result of prior periods adjustments.
** Certain prior year amounts have been reclassified to conform to current year presentation.

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
SCHEDULE OF REVENUES BY SOURCE
LAST TEN FISCAL YEARS

	Operating Revenues					NON-OPERATING REVENUES				
Fiscal Year	Pasenger Fares	Special Transit	Auxiliary Transportation	Other	TOTAL OPERATING REVENUES	Federal Cash Grants	State and Local Cash Grants	Local Property Taxes	Interest, Investment, Income, and Recoveries	TOTAL NON-OPERATING REVENUES
2020	$ 2,999,194	$ -	$ 103,533	$ 271,248	$ 3,373,975	$ 10,237,933	$ 29,544,813	$ 1,100,797	$ 52,453	$ 40,935,996
2019*	3,116,865	-	112,853	294,991	3,524,709	5,246,408	30,296,675	1,067,846	21,127	36,632,056
2018	3,383,304	-	120,399	122,570	3,626,273	5,139,112	24,622,534	994,899	16,968	30,773,513
2017	3,703,383	-	71,730	52,688	3,827,801	5,762,496	21,414,426	967,785	12,071	28,156,778
2016	4,166,503	-	77,147	59,751	4,303,401	5,193,468	21,777,395	914,739	7,532	27,893,134
2015	4,570,610	-	83,654	106,217	4,760,481	5,779,342	19,726,688	862,738	15,479	26,384,247
2014	4,768,623	-	63,153	178,052	5,009,828	5,752,974	18,465,146	797,429	26,645	25,042,194
2013	4,447,003	-	77,018	73,668	4,597,689	5,426,427	18,268,780	766,148	15,214	24,476,569
2012	4,662,551	501	87,006	78,005	4,828,063	5,818,495	19,378,649	762,182	6,303	25,965,629
2011	4,897,166	986	106,524	60,595	5,065,271	5,997,657	17,356,701	798,997	9,113	24,162,468

* Adjustments were made to properly reflect changes in net position as the result of prior periods adjustments.

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
OPERATING EXPENSES										
Operators' salaries	$ 3,852,375	$ 4,192,602	$ 3,755,705	$ 3,569,987	$ 3,537,251	$ 3,414,482	$ 3,561,412	$ 3,929,203	$ 3,804,677	$ 4,720,483
Other salaries	7,231,406	7,172,673	6,841,292	6,528,780	6,196,679	5,518,473	4,992,462	4,482,100	4,226,163	4,386,154
Fringe benefits	10,383,255	10,280,192	8,721,186	8,171,276	7,670,269	6,968,125	6,360,633	6,680,923	6,846,627	7,664,273
Pension expense	1,154,000	1,482,000	1,701,000	2,052,000	1,508,520	136,480	-	-	-	-
OPEB expense	(390,000)	(171,075)	142,788	-	-	-	-	-	-	-
Contract services	2,863,972	3,134,495	2,413,621	2,501,870	2,685,890	3,011,937	2,776,356	2,406,289	2,362,941	2,264,924
Fuel and lubricants	1,212,534	1,553,430	1,320,845	1,230,694	1,244,931	1,778,800	2,097,405	2,328,262	2,421,908	2,360,588
Tires and tubes	6,176	5,951	8,481	9,994	6,049	4,740	4,638	3,799	5,971	4,373
Other materials and supplies	781,290	748,026	1,083,547	1,085,958	1,147,658	1,214,760	1,148,491	914,905	1,223,107	1,099,637
Utilities	1,096,796	890,551	865,770	759,687	642,859	514,025	533,043	584,821	527,274	572,095
Insurance	1,027,679	1,075,422	845,477	609,879	546,570	509,624	757,291	832,969	2,620,390	1,123,097
Taxes	239,389	264,833	212,394	184,115	194,070	213,895	222,156	234,612	260,343	262,765
Purchased transportation	8,488,896	8,443,714	6,776,292	6,072,352	7,083,584	7,084,038	6,854,644	6,107,874	5,901,293	5,284,091
Other	573,101	1,033,771	1,021,705	726,882	689,848	775,347	743,491	568,092	539,184	459,636
Depreciation	12,223,446	11,822,159	10,895,832	10,350,538	9,613,368	8,749,173	8,369,980	8,290,620	8,053,791	8,709,204
Total Operating Expenses	50,744,315	51,928,744	46,605,935	43,854,012	42,767,546	39,893,899	38,422,002	37,364,469	38,793,669	38,911,320
NONOPERATING EXPENSES										
Interest expense	373,870	520,199	533,473	533,105	550,875	35,410	-	-	-	-
Total expenses	$ 51,118,185	$ 52,448,943	$ 47,139,408	$ 44,387,117	$ 43,318,421	$ 39,929,309	$ 38,422,002	$ 37,364,469	$ 38,793,669	$ 38,911,320

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
SERVICE CONSUMPTION
LAST TEN FISCAL YEARS

	Operating Revenues	
Fiscal Year	Annual Pasenger Miles	Unlinked Passenger Trips
2020	15,486,725	3,027,645
2019	19,175,809	3,703,148
2018	19,107,535	3,473,628
2017	20,101,181	3,595,637
2016	22,401,840	4,047,559
2015	23,885,347	4,402,964
2014	24,426,308	4,492,883
2013	24,098,393	4,300,612
2012	30,208,230	4,227,003
2011	18,569,988	4,085,433

Passenger Miles: The cumulative sum of the distances ridden by each passenger.

Unlinked Passenger Trips: The number of passengers who board public transportation vehicles. Passengers are counted each time they board vehicles no matter how many vehicles they use to travel from their origin to their destination.

Source: TransTrack S-10

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
PASSENGER RATES

Effective January 1, 2012

CASH FARES

1-RIDE ADULT (Ages 18-59)	$	1.50
1-RIDE SENIORS (Age 60 and over)	$	0.75
1-RIDE DISABLED (w/ proper ID)	$	0.75
1-RIDE MEDICARE CARD HOLDER (w/ proper ID)	$	0.75
CHILD (Under Age 4) (Up to three children under age 4 accompanied by a farepaying adult)		FREE
EACH ADDITIONAL CHILD (Under age 4)	$	1.50
1-RIDE DIAL-A-RIDE	$	3.00
1-RIDE ADULT METRO EXPRESS BUS PASS (Ages 18-59)	$	1.50
1-RIDE SENIOR/DISABLED METRO EXPRESS BUS PASS (Age 60 and over, Medicare card holders and certificate of eligibility card holders)	$	0.75
METRO EXPRESS 1-RIDE PASS	$	1.50
METRO EXPRESS DISCOUNT 1-RIDE PASS	$	0.75

31-DAY BUS PASSES
(Unlimited rides for 31 days from first day of use)

ADULT	$	65.00
STUDENT (Age 5-17 and college students with valid ID)	$	40.00
SENIOR/DISABLED/MEDICARE CARD HOLDER	$	30.00

10-DAY BUS PASSES
(Good for 10 uses anytime)

10-DEVIATION PASS (METRO HOPPER ONLY)	$	10.00

DAY PASSES
(Unlimited rides on the day issued)

1-DAY ADULT	$	4.00
1-DAY SENIOR/DISABLED/MEDICARE CARD HOLDER	$	2.00

COMMUTER

One Way Fare	$	7.00

PURCHASE BUS PASS ONLINE

RTD now offers its customers the opportunity to purchase 31-Day, 1-Day , 1-Ride, 10 Deviation bus passes online, Dial-A-Ride, and Van Go 1-Ride.

Source: Accounting and Financial Reporting Department

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Outstanding Debt				
Fiscal Year	Measure K Loan Payable	Personal Income	Ratio of Outstanding Debt to Personal Income	Per Capita Personal Income	Outstanding Debt Per Capita
2020	$ 9,800,000	$ 35,926,949	27.28%	$ 47,139	$ 207.90
2019	11,800,000	33,865,937	34.84%	44,995	262.25
2018	13,800,000	29,879,390	46.19%	39,789	346.83
2017	14,000,000	28,636,808	48.89%	38,756	361.23
2016	14,200,000	27,200,000	52.21%	37,375	379.93
2015	8,874,684	24,480,660	36.25%	34,755	255.35

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
SAN JOAQUIN COUNTY
DEMOGRAPHIC AND ECONOMIC STATISTICS
(POPULATION EXPRESSED IN THOUSANDS)
LAST TEN FISCAL YEARS

For the Fiscal Year Ended June 30,	(1) Population	(2) Personal Income	(2) Per Capital Personal Income	(3) Unemployment Rate
2020	762	$ 35,926,949	$ 47,139	10.0%
2019	752	33,865,937	44,995	6.0%
2018	751	29,879,390	39,789	6.3%
2017	739	28,636,808	38,756	7.3%
2016	729	27,200,000	37,375	8.3%
2015	711	24,480,660	34,755	7.5%
2014	710	24,800,000	33,097	10.5%
2013	702	23,363,876	41,779	12.4%
2012	696	23,270,793	41,613	14.8%
2011	688	23,178,081	41,447	16.2%

Data Source:
(1) edd.ca.gov
(2) dot.ca.gov
(3) sjgov.org

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
SAN JOAQUIN COUNTY
PRINCIPAL EMPLOYERS

Employer Name	Location	Industry	Rank	2020 Employee Count
Blue Shield of California	Lodi	Health Plans / Direct Health and Medical Insurance Carriers	1	5,000-9,999
A Sambado & Son Inc	Linden	Nuts-Edible/Confectionery and Nut Stores	2	1,000-4,999
Amazon Corpnet	Tracy	Internet & Catalog Shopping/Electronic Shopping and Mail-Order Houses	3	1,000-4,999
Amazon Fulfillment Ctr	Stockton	Mail Order Fulfillment Services/Electronic Shopping and Mail-Order Houses	4	1,000-4,999
Dameron Hospital Assn	Stockton	Hospitals / General Medical and Surgical Hospitals	5	1,000-4,999
Deuel Vocational Institution	Tracy	City Govt-Correctional Institutions	6	1,000-4,999
Lodi Memorial Hospital	Lodi	Hospitals / General Medical and Surgical Hospitals	7	1,000-4,999
Lodi Memorial Hospital Home Health	Lodi	Home Health Care Services	8	1,000-4,999
NA Chaderjian Youth	Stockton	State Govt-Correctional Institutions	9	1,000-4,999
Stockton Unified School District	Stockton	School District/Elementary and Secondary Schools	10	1,000-4,999
Pacific Coast Producers	Lodi	Canning (Mfrs) / Fruit and Vegetable Canning	11	1,000-4,999
Prima Fruta Packing Inc.	Linden	Fruit & Produce Packers / Other postharvest crop activities	12	1,000-4,999
Safeway Distribution Warehouse	Tracy	Distribution Centers (Whls) / All other durable goods merchant wholesalers	13	1,000-4,999
San Joaquin General Hospital	French Camp	Hospitals / General Medical and Surgical Hospitals	14	1,000-4,999
San Joaquin County SCH	Stockton	School Districts/Elementary and Secondary Schools	15	1,000-4,999
St. Joseph's Cancer Center	Stockton	Cancer Treatment Centers	16	1,000-4,999
SJGOV	Stockton	Government Offices- County	17	1,000-4,999
Leprino Foods Co	Tracy	Cheese Processors (Mfrs)	18	1,000-4,999
Foster Care Svc	Stockton	County Government - Social/Human Resources	19	500-999
San Joaquin Sheriff's Office	French Camp	Government Offices - County/Legislative Bodies	20	500-999
Stockton Police Department	Stockton	Police Departments / Police Protection	21	500-999
Juvenile Justice Division	Stockton	Correctional Institutions	22	500-999
Morada Produce Company	Stockton	Fruits & Vegetables-Growers & Shippers / Fruit and vegetables merchant wholesalers	23	500-999
San Joaquin County Human Services	Stockton	County Government - Social/Human Resources	24	500-999
Walmart Supercenter	Stockton	Department Stores	25	500-999

Data Source:
(1) Employment Development Department

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
OPERATING INFORMATION – PROFILE

General Statistics and Service Information	
Service Area	1,426 Square Miles
Employees	180
Vehicles Available for Service	142
Metro Routes	32
Metro Hopper Deviated Fixed Routes	7
County Hopper Deviated Fixed Routes	5
Commuter Routes	4

SAN JOAQUIN REGIONAL TRANSIT DISTRICT
OPERATING INFORMATION – 2020 AND 2021 OPERATING BUDGETS

	FY 2021 (1)	FY 2020 (1)	Difference	% Change
REVENUES				
Passenger Fares and Special Fares	$ 1,093,605	$ 4,399,449	$ (3,305,844)	-75.14%
Non-Transportation Revenues	19,014	431,706	(412,692)	-95.60%
Operating Assistance			-	
Federal Cash Grants	16,125,436	5,683,861	10,441,575	183.71%
Local Property Taxes	1,009,114	1,121,237	(112,123)	-10.00%
LCTOP (State Fund)	1,173,520	1,055,070	118,450	11.23%
TDA - LTF / STA Program	13,822,026	22,595,987	(8,773,961)	-38.83%
Measure K	5,738,175	7,092,710	(1,354,535)	-19.10%
TOTAL REVENUES	$ 38,980,890	$ 42,380,020	$ (3,399,130)	-8.02%
EXPENDITURES				
Labor and Fringes	$ 21,711,223	$ 22,422,639	$ (711,416)	-3.17%
Services	3,266,366	3,420,319	(153,953)	-4.50%
Fuel and Lubricants and Supplies	2,543,689	2,374,711	168,978	7.12%
Utilities	1,160,143	1,167,275	(7,132)	-0.61%
Insurance	1,121,169	919,121	202,048	21.98%
Taxes & Licenses	275,147	297,758	(22,611)	-7.59%
Purchased Transportation	7,765,918	10,299,194	(2,533,276)	-24.60%
Miscellaneous and Contingency	1,137,235	1,479,003	(341,768)	-23.11%
TOTAL EXPENDITURES	$ 38,980,890	$ 42,380,020	$ (3,399,130)	-8.02%

(1) Budgeted amounts

Source: Accounting and Financial Reporting Department

Fare Revenue

RTD collects fares from passengers to ride the bus. The current fare schedule is available on page 54.

Federal Transportation Administration (FTA) Section 5304

Purpose

This program provides funding and procedural requirements for multimodal transportation planning in metropolitan areas and states that is cooperative, continuous and comprehensive, resulting in long-range plans and short-range programs of transportation investment priorities. The planning programs are jointly administered by FTA and the Federal Highway Administration (FHWA), which provides additional funding.

Statutory References

- 49 U.S.C. Section 5303 & 5304 / FAST Section 3003 Metropolitan & Statewide Transportation Planning
- 49 U.S.C. Section 5305 – Planning Programs

Eligible Recipients

States and Metropolitan Planning Organizations

Eligible Activities

Develop transportation plans and programs, plan, design and evaluate a public transportation project, and conduct technical studies related to public transportation.

FTA Section 5307

Purpose

The Urbanized Area Formula Funding program (49 U.S.C. 5307) makes Federal resources available to urbanized areas and to Governors for transit capital and operating assistance and for transportation related planning in urbanized areas. An urbanized area is a Census-designated area with a population of 50,000 or more as determined by the U.S. Department of Commerce, Bureau of the Census.

Statutory References

49 U.S.C. Section 5307 and 5340 / FAST ACT Sections 3004, 30149 U.S.C. Section 5305 – Planning Programs

Eligible Recipients

Funding is made available to designated recipients, which must be public bodies with the legal authority to receive and dispense Federal funds. Governors, responsible local officials and publicly owned operators of transit services are required to designate a recipient to apply for, receive, and dispense funds for urbanized areas pursuant to 49 U.S.C. 5307(a)(2). The Governor or Governor's designee is the designated recipient for urbanized areas between 50,000 and 200,000.

FTA Section 5307 (Continued)

Eligible Activities

Eligible activities include planning, engineering, design and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement of buses, overhaul of buses, rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. All preventive maintenance and some Americans with Disabilities Act complementary paratransit service costs are considered capital costs.

For urbanized areas with populations less than 200,000, operating assistance is an eligible expense. For urbanized areas with 200,000 in population and over, funds are apportioned and flow directly to a designated recipient selected locally to apply for and receive Federal funds. For urbanized areas under 200,000 in population, the funds are apportioned to the Governor of each state for distribution.

FTA Section 5307 CARES Act

Purpose

On Friday, March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law. The CARES Act provides emergency assistance and health care response for individuals, families and businesses affected by the COVID-19 pandemic and provide emergency appropriations to support Executive Branch agency operations during the COVID-19 pandemic.

Statutory Reference

Projects funded with CARES Act funds that are administered under the Urbanized Area Formula Program that involve substantial changes to the function, location, or capacity of transit system assets are subject to all Program of Projects requirements. See 23 CFR 450.218(g) (5) and 23 CFR 450.326(e) (5). Consistent with the emergency exemptions from the Transportation Improvement Program (TIP) or the Statewide Transportation Improvement Program (STIP) requirements, all other projects funded by CARES Act funds, including operating assistance projects and capital projects that do not involve a substantial change to the function, location, or capacity of an asset, are subject only to the requirements associated with making the amount of funding available to the recipient public (49 U.S.C. 5307(b)(1)) and making the final program of projects available to the public (49 U.S.C. 5307(b)(7)). Recipients must document the process used to comply with these requirements.

Eligible Recipients

FTA is allocating $25 billion to recipients of urbanized area and rural area formula funds, with $22.7 billion to large and small urban areas and $2.2 billion to rural areas. Funding will be provided at a 100-percent federal share, with no local match required, and will be available to support capital, operating, and other expenses generally eligible under those programs to prevent, prepare for, and respond to COVID-19. Operating expenses incurred beginning on January 20, 2020 for all rural and urban recipients, even those in large urban areas, are also eligible, including operating expenses to maintain transit services as well as paying for administrative leave for transit personnel due to reduced operations during an emergency.

Eligible Activities

The CARES Act provides funds to prevent, prepare for, and respond to COVID-19. Although the priority for the funding is operational expenses, FTA will generally consider all expenses normally eligible under the Section 5307 and 5311 programs that are incurred on or after January 20, 2020 to be in response to economic or other conditions caused by COVID-19 and thus eligible under the CARES Act.

FTA Section 5311

Purpose

This program provides capital, planning, and operating assistance to states and federally recognized Indian tribes to support public transportation in rural areas with populations less than 50,000, where many residents often rely on public transit to reach their destinations. It also provides funding for state and national training and technical assistance through the Rural Transportation Assistance Program.

Statutory References

49 U.S.C. Section 5311 / Fixing America's Surface Transportation Act (FAST) Section 3007

Eligible Recipients

- States, Indian tribes or Alaskan Native villages, groups or communities identified by the Bureau of Indian Affairs (BIA)
- Subrecipients: State or local government authorities, nonprofit organizations, operators of public transportation or intercity bus service that receives funds indirectly through a recipient.

Eligible Activities

Planning, capital, operating, job access, and reverse commute projects, and the acquisition of public transportation services.

FTA Section 5339

Purpose

The Grants for Buses and Bus Facilities program (49 U.S.C. 5339) makes Federal resources available to States and designated recipients to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities including technological changes or innovations to modify low or no emission vehicles or facilities. Funding is provided through formula allocations and competitive grants. A sub-program provides competitive grants for bus and bus facility projects that support low and zero-emission vehicles.

Statutory References

49 U.S.C. Section 5337 / FAST Section 3017

Eligible Recipients

Eligible recipients include designated recipients that operate fixed route bus service or that allocate funding to fixed route bus operators; and State or local governmental entities that operate fixed route bus service that are eligible to receive direct grants under 5307 and 5311.

Subrecipients: An eligible recipient that receives a grant under the formula or discretionary programs may allocate amounts from the grant to subrecipients that are public agencies or private nonprofit organizations engaged in public transportation.

FTA Section 5339 (Continued)

Eligible Activities

Capital projects to replace, rehabilitate, and purchase buses, vans, and related equipment, and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities.

California Air Resources Board (CARB) Zero-Emission Truck and Bus Pilot Commercial Deployment Program

Purpose

This project is intended to help accelerate the deployment of a variety of commercially available medium- and heavy-duty zero-emission vehicles by placing a significant number of zero- and near zero emission buses and freight and delivery trucks in strategic truck and bus “hubs.” This project will provide benefits to disadvantaged communities by ensuring that funds are awarded to pilot projects located within, or directly benefitting, disadvantaged communities across the state.

Statutory References

This Solicitation is issued under the Assembly Bill 118 (AB 118) AQIP and the Low Carbon Transportation Green Gas Reduction Fund (GGRF) Investments, with all project funds coming from the GGRF. The project is intended to fund pilot vehicle deployments that reduce greenhouse gas (GHG) emissions and provide other environmental and economic co-benefits to disadvantaged communities as well as further the purposes of AB 32 (Nunez, Chapter 488, Statues of 2006) by addressing the challenges facing wide-spread commercialization (i.e., economies of scale production, workforce training and vehicle maintenance and repair, and refueling infrastructure).

Eligible Recipients

This competitive solicitation is open to transit agencies, school districts, local air districts, or other California-based public agencies, as well as California-based non-profit organizations that demonstrate the requisite administrative and technical expertise.

Eligible Activities

The projects covered by this solicitation require the deployment of zero or near zero-emission transit buses, school buses, and delivery trucks that achieve significant reductions in GHG and co-pollutant emissions. To be eligible for funding under this solicitation, vehicle technologies included in the project application must have already been demonstrated and must be commercially available (defined below) including technologies that are in the early stages of commercial deployment.

Congestion Mitigation and Air Quality (CMAQ)

Purpose

The FAST Act continued the CMAQ program to provide a flexible funding source to State and local governments for transportation projects and programs to help meet the requirements of the Clean Air Act. Funding is available to reduce congestion and improve air quality for areas that do not meet the National Ambient Air Quality Standards for ozone, carbon monoxide, or particulate matter (nonattainment areas) and for former nonattainment areas that are now in compliance (maintenance areas).

Statutory References

FAST Act § 1114; 23 U.S.C. 149

Congestion Mitigation and Air Quality (CMAQ) (Continued)

Eligible Recipients

As under MAP-21, the FAST Act directs FHWA to apportion funding as a lump sum for each State then divide that total among apportioned programs. Once each State's combined total apportionment is calculated, funding is set-aside for the State's CMAQ Program.

Eligible Activities

Funds may be used for a transportation project or program that is likely to contribute to the attainment or maintenance of a national ambient air quality standard, with a high level of effectiveness in reducing air pollution, and that is included in the metropolitan planning organization's (MPO's) current transportation plan and transportation improvement program (TIP) or the current state transportation improvement program (STIP) in areas without an MPO.

The FAST Act added eligibility for verified technologies for non-road vehicles and non-road engines that are used in port-related freight operations located in ozone, PM10, or PM2.5 nonattainment or maintenance areas funded in whole or in part under 23 U.S.C. or chapter 53 of 49 U.S.C. [23 U.S.C. 149(b)(8)(A)(ii)]

The Act also specifically makes the installation of vehicle-to-infrastructure communications equipment eligible. [23 U.S.C. 149(b)(9)]

The FAST Act continues eligibility for electric vehicle and natural gas vehicle infrastructure and adds priority for infrastructure located on the corridors designated under 23 U.S.C. 151. [23 U.S.C. 149(c)(2)]

The FAST Act amended the eligible uses of CMAQ funds set aside for PM2.5 nonattainment and maintenance areas. PM2.5 set-aside funds may be used to reduce fine particulate matter emissions in a PM2.5 nonattainment or maintenance area, including—

- diesel retrofits;
- installation of diesel emission control technology on nonroad diesel equipment or on-road diesel equipment that is operated on a highway construction projects; and
- the most cost-effective projects to reduce emissions from port-related landside nonroad or on-road equipment that is operated within the boundaries of the area. [23 U.S.C. 149(k)(2) & (4)]

Transit and Intercity Rail Capital Program (TIRCP)

Purpose

The goal of the TIRCP is to provide monies to fund transformative capital improvements that modernize California's intercity rail, bus, ferry and rail transit systems to achieve the following objectives:

- Reduction in greenhouse gas emissions;
- Expand and improve rail service to increase ridership;
- Integrate the rail service of the state's various rail operations, including integration with the high-speed rail system; and
- Improve safety

Transit and Intercity Rail Capital Program (TIRCP) (Continued)

Statutory References

The TIRCP was created by Senate Bill (SB) 862 (Chapter 36, Statutes of 2014) and modified by Senate Bill 9 (Chapter 710, Statutes of 2015) to provide grants from the Greenhouse Gas Reduction Fund to fund transformative capital improvements that will modernize California's intercity, commuter, and urban rail systems, and bus and ferry transit systems to reduce emissions of greenhouse gases by reducing congestion and vehicle miles traveled throughout California.

Eligible Recipients

Eligible applicants must be public agencies, including joint powers agencies, that operate or have planning responsibility for existing or planned regularly scheduled intercity or commuter passenger rail service (and associated feeder bus service to intercity rail services), urban rail transit service, or bus or ferry transit service (including commuter bus services and vanpool services). Public agencies include construction authorities, transportation authorities, and other similar public entities created by statute. An applicant assumes responsibility and accountability for the use and expenditure of program funds. Applicants must comply with all relevant federal and state laws, regulations, policies, and procedures.

Eligible Activities

Eligible applicants may submit project applications individually or as part of a joint application. In order to be eligible for funding under this program, a project must demonstrate that it will achieve a reduction in greenhouse gas emissions using the CARB quantification methodology.

Projects eligible for funding under the program include, but are not limited to, the following:

1. Rail capital projects, including the acquisition of rail cars and locomotives, and the facilities to support them, that expand, enhance, or improve existing rail systems and connectivity to existing and future transit systems, including the high-speed rail system.
2. Intercity, commuter, and urban rail projects that increase service levels, improve reliability, or decrease travel times. These projects may include infrastructure access payments to host railroads in lieu of capital investments, efforts to improve existing rail service effectiveness with a focus on improved operating agreements, schedules, and minor capital investments that are expected to generate increased ridership, as well as larger scale projects designed to achieve significantly larger benefits.
3. Rail, bus, and ferry integration implementation, including: integrated ticketing and scheduling systems and related capital investments (including integration with bus or ferry operators); projects enabling or enhancing shared-use corridors without increasing net air pollution (both multi-operator passenger only corridors as well as passenger-freight corridors); related planning efforts focused on, but not limited to, delivery of integrated service not requiring major capital investment; and other service integration initiatives.
4. Bus rapid transit and other bus and ferry transit investments (including vanpool services operated as public transit) to increase ridership and reduce greenhouse gas emissions, including capital investments, as a component implementing transit effectiveness studies, that will contribute to restructured and enhanced service.

Local Property Tax

RTD receives property tax revenues for properties within the County in accordance with the Revenue and Taxation Code, Section 97.

Low Carbon Transit Operations Program (LCTOP)

Purpose

The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities.

This program will be administered by the California Department of Transportation (Caltrans) in coordination with Air Resource Board (ARB) and the State Controller's Office (SCO). Caltrans is responsible to ensure that the statutory requirements of the program are met in terms of project eligibility, greenhouse reduction, disadvantaged community benefit, and other requirements of the law.

Statutory References

Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862. Senate Bill 862 continuously appropriates five percent of the annual auction proceeds in the Greenhouse Gas Reduction Fund (Fund) for LCTOP, beginning in 2015-16.

Eligible Recipients

California Transit Agencies.

Eligible Activities

Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions. For agencies whose service area includes disadvantaged communities, at least 50 percent of the total moneys received shall be expended on projects that will benefit disadvantaged communities.

Active Transportation Program (ATP)

Purpose

ATP legislation defines the program's purpose as encouraging increased use of active modes of transportation, such as biking and walking.

Statutory References

The Active Transportation Program (ATP), created by Senate Bill 99 (Chapter 359, Statutes of 2013) and Assembly Bill 101 (Chapter 354, Statutes of 2013), consolidated several federal and state transportation programs to focus on making California a national leader in active transportation.

Active Transportation Program (ATP) (Continued)

Eligible Recipients

The following entities, within the State of California, are eligible to apply for ATP funds:

- Local, Regional or State Agencies. Examples include city, county, MPO*, and Regional Transportation Planning Agency.
- Caltrans.* Caltrans nominated projects must be coordinated and aligned with local and regional priorities.
- Transit Agencies. Any agency responsible for public transportation that is eligible for funds under the Federal Transit Administration.
- Natural Resources or Public Land Agencies. Federal, Tribal, State, or local agency responsible for natural resources or public land administration. Examples include:
    - State or local park or forest agencies
    - State or local fish and game or wildlife agencies.
    - Department of the Interior Land Management Agencies.
    - U.S. Forest Service.
- California Transportation Commission
- Public schools or school districts.
- Tribal Governments – federally recognized Native American Tribes.
- Private nonprofit tax exempt organizations may apply for projects eligible for Recreational Trail Program funds recreational trails and trailheads, park projects that facilitate trail linkages or connectivity to non-motorized corridors, and conversion of abandoned railroad corridors to trails. Projects must benefit the general public, not only a private entity.
- Any other entity with responsibility for oversight of transportation or recreational trails that the Commission determines to be eligible.

Eligible Activities

All projects eligible for programming must be selected through a competitive process and must meet one or more of the ATP program goals that are as follows:

- Increase the proportion of trips accomplished by biking and walking.
- Increase safety and mobility of non-motorized users.
- Advance the active transportation efforts of regional agencies to achieve Greenhouse Gas (GHG) Reduction (GHGR) goals as established pursuant to Senate Bill 375 and Senate Bill 391.
- Enhance public health, including reduction of childhood obesity through the use of programs including, but not limited to, projects eligible for Safe Routes to School Program (SRTS) funding.
- Ensure that disadvantaged communities fully share in the benefits of the program.
- Provide a broad spectrum of projects to benefit many types of active transportation users.

All eligible projects must apply with an application for one of the following project categories: infrastructure projects, plans, and non-infrastructure projects.

Measure K

Measure K is the half-cent sales tax dedicated to transportation projects in San Joaquin County. With its original passage in November 1990, Measure K began laying the groundwork for two decades of funding for a system of improved highways and local streets, new passenger rail service, regional and inter-regional bus routes, park-and-ride lots, new bicycle facilities, and railroad crossings. Its innovative multimodal approach to transportation clearly distinguishes Measure K from other countywide sales tax programs.

On November 7, 2006 San Joaquin County voters decided to extend Measure K for an additional 30 years. The renewal of Measure K is estimated to generate $2.552 billion for the transportation programs identified in the Measure K Expenditure Plan.

The categorical allocations of Measure K include local street repairs and roadway safety (35%), congestion relief projects (32.5%), railroad crossing safety projects (2.5%), and passenger rail, bus, and bicycles (30%), which includes dedicated funding for bus rapid transit and safe routes to schools.

Pacific Gas & Electric Company's (PG&E) EV Charging Infrastructure Program (Priority Review Project)

Purpose

Pursuant to the passing of Senate Bill 350, PG&E filed a transportation electrification (TE) application focused on accelerating electrification in the medium and heavy-duty sectors. The goal of this pilot is to lower total cost of ownership for electric fleet vehicles, as compared to fossil fuel vehicles, by addressing two critical barriers: (i) upfront infrastructure costs; and (ii) higher ongoing fuel costs of electricity compared to gas.

Statutory References

California Senate Bill 350

Eligible Recipients

California Transit Agencies.

Eligible Activities

PG&E will partner with one transit agency in a Disadvantaged Community to provide infrastructure and tools to support the deployment of 2-10 electric transit buses.

Proposition 1B

In November 2006, California voters approved the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 to authorize $19.925 billion of state general obligation bonds for specified purposes. RTD receives funding for capital projects under two of these categories: The Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) and the Transit System Safety, Security, and Disaster Response Account (TSSSDRA).

Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA)

Purpose

The Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA) was created by Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the $19.925 billion available to Transportation, $3.6 billion dollars was allocated to PTMISEA to be available to transit operators over a ten-year period. Funds in this account are appropriated annually by the Legislature to the State Controller's Office (SCO) for allocation in accordance with Public Utilities Code formula distributions: 50% allocated to Local Operators based on fare-box revenue and 50% to Regional Entities based on population.

Statutory References

The Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006, approved by the voters as Proposition 1B at the November 7, 2006 general election, authorizes the issuance of $19,925,000,000 in general obligation bonds for specified purposes, including grants for transit system safety, security and disaster response projects.

Section 8879.23 of the California Government Code creates the Highway Safety, Traffic Reduction, Air Quality and Port Security Fund of 2006 in the State Treasury. Section 8879.23(h) directs that $1,000,000,000 be deposited in the Transit System Safety, Security and Disaster Response Account. Senate Bill 88 (SB 88) was signed by the Governor and chaptered into law on August 24, 2007. SB 88 implements the provisions of the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006.

Eligible Recipients

California Transit Agencies.

Eligible Activities

PTMISEA funds may be used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock (buses and rail cars) procurement, rehabilitation or replacement.

Transit System Safety, Security, and Disaster Response Account (TSSSDRA)

Purpose

To be used for capital projects that provide increased protection against a security and safety threat, and for capital expenditures to increase the capacity of transit operators, including waterborne transit operators, to develop disaster response transportation systems that can move people, goods, and emergency personnel and equipment in the aftermath of a disaster impairing the mobility of goods, people, and equipment.

Statutory References

The Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006, approved by the voters as Proposition 1B at the November 7, 2006 general election, authorizes the issuance of $19,925,000,000 in general obligation bonds for specified purposes, including grants for transit system safety, security and disaster response projects.

Transit System Safety, Security, and Disaster Response Account (TSSSDRA) (Continued)

Statutory References (Continued)

Section 8879.23 of the California Government Code creates the Highway Safety, Traffic Reduction, Air Quality and Port Security Fund of 2006 in the State Treasury. Section 8879.23(h) directs that $1,000,000,000 be deposited in the Transit System Safety, Security and Disaster Response Account. Senate Bill 88 (SB 88) was signed by the Governor and chaptered into law on August 24, 2007. SB 88 implements the provisions of the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006.

Eligible Recipients

California Transit Agencies.

Eligible Activities

Proceeds shall be available for capital projects that provide increased protection against a security and safety threat, and for capital expenditures to increase the capacity of transit operators, including waterborne transit operators, to develop disaster response transportation systems that move people, goods, and emergency personnel and equipment in the aftermath of a disaster impairing the mobility of goods, people, and equipment. The Transit System Safety, Security & Disaster Response Account (TSSSDRA) funds are for capital projects that increase protection against a security and safety threat, and develop a disaster response transportation system that can move people, goods, emergency personnel and equipment in the aftermath of a disaster.

Transportation Development Act (TDA)

The TDA is a dedicated funding source available to public transit, and it is the primary source of RTD operating revenues. The TDA provides two sources of funding for public transportation, the Local Transportation Fund (LTF) and the State Transit Assistance (STA) funding. The LTF and STA receive revenues through gasoline and sales taxes within the County, however these funds are available to the State in times of fiscal crisis, and are not as reliable in a declining economy.

The LTF is funded from one quarter of one cent of the six cents in state sales tax collected per dollar of retail receipts. The allocated portion for LTF is returned to each county based on the amount of tax dollars collected in that County. The State distributes the LTF to available jurisdictions (incorporated cities and the County) based on population. RTD currently receives the full apportionment of LTF from the City of Stockton for SMA operations. RTD also receives the full apportionment of the County LTF for operations of the Hopper, Intercity, and Dial-A-Ride services.

The STA is funded from the statewide sales tax on motor vehicle fuels. The State allocates these funds based on a ridership and operations formula for each County. The formula allocates 50% of the funds according to ridership and the remaining according to transit operator revenues. STA revenues are eligible for both operating and capital expenditures.

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 (Chapter 5, Statues of 2017), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit is referred to as the State of Good Repair program. This program provides funding of approximately $105 million annually to the State Transit Assistance (STA) Account. These funds are to be made available for eligible transit maintenance, rehabilitation, and capital projects.

State of Good Repair

Purpose

The State of Good Repair Program provides approximately $105 million annually to transit operators in California for eligible transit maintenance, rehabilitation, and capital projects. The State of Good Repair Program will benefit the public by improving transportation services in providing public transportation agencies a consistent and dependable revenue source to invest in the upgrade, repair, and improvement of their agency's transportation infrastructure.

Statutory References

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 (Chapter 5, Statues of 2017), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred to as the State of Good Repair (SGR) Program. This program receives funding of approximately $105 million annually. SGR funds are to be made available for eligible transit maintenance, rehabilitation and capital projects.

Eligible Recipients

Public transit operators who have submitted the required project information to their respective Regional Entities for review and have been evaluated to be eligible to receive State of Good Repair funding and determined to best meet local transportation needs.

Eligible Activities

The goal of the State of Good Repair Program is to provide funding for capital assistance in rehabilitating and modernizing California's existing local transit systems.

Bus and Shelter Advertising

RTD currently contracts out all of the sales of advertising space on RTD's fleet and facilities. RTD staff also pursues in-kind partnerships for advertising with applicable partners.

Rental Income – Greyhound Lines, Inc

RTD currently contracts with Greyhound to provide rent space to serve their passenger operation at RTD's Downtown Transit Center.

Other

RTD pursues discretionary and competitive funding, as opportunities become available, that would assist with operating activities or capital improvements. RTD will continue to pursue Public/Private Partnership (PPP) and sponsorships for specific operations assistance. Examples of this include maintaining agreements with school districts, secondary education districts, and local governments to develop agreements for service and purchase of discounted monthly passes for retail sale to the public. RTD anticipates expanding PPP opportunities to fully fund specific public transportation support services in downtown Stockton.

Source: Grants Department