

**YOLO COUNTY TRANSPORTATION DISTRICT**

Audited Financial Statements  
and Compliance Reports

June 30, 2014 and 2013

YOLO COUNTY TRANSPORTATION DISTRICT

Audited Financial Statements  
and Compliance Reports

June 30, 2014 and 2013

**Audited Financial Statements**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Yolo County Transportation District  
Woodland, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Yolo County Transportation District (the District) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2014 and 2013, and changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

### **Other Matters**

To the Board of Directors  
Yolo County Transportation District

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedule of funding progress of the other postemployment benefits plan, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information and schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, including the Transportation Development Act and PTMISEA Guidelines. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Richardson & Company, LLP*

February 19, 2015

# YOLO COUNTY TRANSPORTATION DISTRICT

## Management's Discussion and Analysis June 30, 2014 and 2013

The management of the Yolo County Transportation District (District) is pleased to present the following discussion and analysis that provides an overview of the financial position and activities of the District for the years ended June 30, 2014 and 2013. This discussion should be read in conjunction with the financial statements and accompanying notes, which follow this section.

### **Background**

Until August 1, 1989, the Yolo Transit System and Mini-Transit System were established to meet the transportation needs of the general public in and around the County of Yolo as part of the Yolo County's Enterprise Fund. A Joint Exercise of Powers Agreement was signed between Yolo County and the Cities of Davis, West Sacramento, Winters, and Woodland whereby the District would operate as a Joint Powers Agency, called Yolo County Transit Authority, pursuant to Section 6500 of the California Government Code and would be administratively separated from the County. The Yolo County Transit Authority's operations were separated from the Yolo County Enterprise Fund on August 1, 1989. Effective July 1, 1998, the JPA became the Yolo County Transportation District (District) as a result of the passage of Assembly Bill No. 2420, which established the District as the consolidated transportation services agency and the congestion management agency for Yolo County. The District's mission is to provide alternative transportation to transit dependent individuals and the general public responsive to the needs of jurisdictions in Yolo County, to review and recommend project nominations for Intermodal Surface Transportation Efficiency Act and other funding, and to monitor the Congestion Management Plan. In addition to fare revenues, the District receives funds under the provisions of the Transportation Development Act from the Yolo County Local Transportation Fund and the State Transit Assistance Fund. The District also receives revenue from Federal Transit Administration grants.

The primary service of the District is to provide Fixed Route Service through twenty-three fixed routes serving West Sacramento, Woodland, Davis, Capay Valley, the Sacramento International Airport and downtown Sacramento, including local service in Woodland, Winters, and West Sacramento. The District contributes to Unitrans, which provides bus service to U.C. Davis students and residents in Davis. The District also provides Paratransit Service for residents in Woodland, Davis, and West Sacramento to comply with the Americans with Disabilities Act. Transit services are provided under contract with Transdev, formerly Veolia Transportation, Inc., which is in effect through July 29, 2018.

### **Financial Highlights**

- Total net position, the level by which total assets exceed total liabilities, declined by approximately \$2.1 million, from \$28.5 million at June 30, 2013 to \$26.4 at June 30, 2014.
- Year-end total net position of \$26.4 million was broken down between \$16.3 million net investment in capital assets, \$3.1 million in restricted capital and \$6.9 million designated as unrestricted.
- For every dollar in current liabilities, the District holds \$26.07 in total assets, up from \$25.77 as of year-end 2014.
- Operating revenues increased slightly during FY 2013/14.
- Operating expenses decreased 2.1% during FY 2013/14 to \$13.7 million. The slight decrease in expenses is connected to salaries and benefits (vacant positions) and the reclassification of Madison bus stop improvements to non-operating expenses.

### **The Financial Statements**

Under Governmental Accounting Standards Board (GASB) Statement No. 65, the District's basic financial statements include the balance sheet, statement of revenues, expenses and changes in net position and statement of cash flows.

# YOLO COUNTY TRANSPORTATION DISTRICT

## Management's Discussion and Analysis June 30, 2014 and 2013

### **Description of Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's financial statements: the Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The statements are accompanied by footnotes to clarify unique accounting policies and other financial information, and required supplementary information. The assets, liabilities, revenues and expenses of the District are reported on a full-accrual basis.

The **Balance Sheet** presents information on all of the District's assets and liabilities, with the difference between the two representing net position (equity). Assets and liabilities are classified as current, restricted or non-current. Changes from one year to the next in total net position as presented on the Balance Sheet are based on the activity presented on the Statement of Revenues, Expenses and Change in Net Position.

The **Statement of Revenues, Expenses and Changes in Net Position** is the District's income statement. Revenues earned and expenses incurred during the year are classified as either "operating" or "non-operating". All revenues and expenses are recognized as soon as the underlying event occurs, regardless of timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in the disbursement or collection of cash during future fiscal years (e.g., the expense associated with the final month of purchased transportation, involving cash outlay beyond the date of the financial statements).

The **Statement of Cash Flows** present the changes in District's cash and cash equivalents during the fiscal year. This statement is prepared using the direct method of cash flow. The statement breaks the sources and uses of District's cash and cash equivalents into four categories:

- Operating activities
- Capital activities
- Non Capital Financing Activities
- Investing Activities

The District's routine activities appear in the operating activities while purchases of capital assets are in the capital activities.

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of the District's operations and significant accounting policies as well as clarify unique financial information.

Richardson and Company, LLP, Certified Public Accountants, has performed an independent audit of the financial statements in accordance with auditing standards generally accepted in the United States of America. Their opinion is included in this report.

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis  
June 30, 2014 and 2013

**Analysis of Overall Financial Position and Results of Operations**

	June 30, 2014	June 30, 2013	Increase (Decrease) from 2013 to 2014	June 30, 2012	Increase (Decrease) from 2012 to 2013
Current Assets	\$ 8,882,786	\$ 9,027,332	\$ (144,546)	\$ 9,512,231	\$ (484,899)
Restricted Cash and Investments	2,215,708	2,050,620	165,088	2,182,305	(131,685)
Other Post Employment Benefits	52,831		52,831		
Capital Assets, Net	16,295,826	18,605,144	(2,309,318)	20,054,625	(1,449,481)
<b>TOTAL ASSETS</b>	<b>\$ 27,447,151</b>	<b>\$ 29,683,096</b>	<b>\$ (2,235,945)</b>	<b>\$ 31,749,161</b>	<b>\$ (2,066,065)</b>
Current Liabilities	\$ 1,052,440	\$ 1,100,006	\$ (47,566)	\$ 1,368,239	\$ (268,233)
Non-Current Liabilities	17,325	52,035	(34,710)	58,383	(6,348)
<b>TOTAL LIABILITIES</b>	<b>1,069,765</b>	<b>1,152,041</b>	<b>(82,276)</b>	<b>1,426,622</b>	<b>(274,581)</b>
Net Position					
Net Investment in Capital Assets	16,295,826	18,605,144	(2,309,318)	20,054,625	(1,449,481)
Restricted for Equipment Replacement	2,215,708	2,050,620	165,088	2,182,305	(131,685)
Restricted for Capital Purposes	918,272	500,577	417,695	616,195	(115,618)
Unrestricted	6,947,580	7,374,714	(427,134)	7,469,414	(94,700)
<b>TOTAL NET POSITION</b>	<b>26,377,386</b>	<b>28,531,055</b>	<b>(2,153,669)</b>	<b>30,322,539</b>	<b>(1,791,484)</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 27,447,151</b>	<b>\$ 29,683,096</b>	<b>\$ (2,235,945)</b>	<b>\$ 31,749,161</b>	<b>\$ (2,066,065)</b>

**District's Assets**

Total assets decreased approximately \$2.2 million to \$27.4 million at June 30, 2014 from the prior year. Total assets decreased approximately \$2 million to \$29.6 million at June 30, 2013. There have been no significant fixed asset purchases during the last two years. The decrease in total assets has been primarily due to depreciation of capital assets.

**District's Liabilities**

The slight decrease of current liabilities at June 30, 2014 was a combination of accounts Due to Other Governments, and accrued compensated absences.

The slight decrease of current liabilities at June 30, 2013 was a combination of accounts payable (for the facility improvements), and accrued compensated absences.

The decrease of non-current liabilities during the three year period ending June 30, 2014, was the buy down of other post-employment benefits.

**YOLO COUNTY TRANSPORTATION DISTRICT**

**Management's Discussion and Analysis  
June 30, 2014 and 2013**

**Statement of Revenues, Expenses, and Changes in Net Position**

A summary of the District's Statements of Revenues, Expenses, and Changes in Net Position for fiscal years 2013/14, 2012/13, and 2011/12 is as follows:

	Year ending June 30, 2014	Year ending June 30, 2013	Increase (Decrease) from 2013 to 2014	Year ending June 30, 2012	Increase (Decrease) from 2012 to 2013
Operating Revenues	\$ 2,645,912	\$ 2,591,587	\$ 54,325	\$ 2,574,979	\$ 16,608
Operating Expenses	<u>13,735,840</u>	<u>14,029,923</u>	<u>(294,083)</u>	<u>13,466,197</u>	<u>563,726</u>
Net Loss From Operations	<u>(11,089,928)</u>	<u>(11,438,336)</u>	<u>348,408</u>	<u>(10,891,218)</u>	<u>(547,118)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Local Transportation Fund and State Transit Assistance Allocation					
	4,999,161	4,996,757	2,404	4,887,750	109,007
Federal Transit Administration grants:					
Operating Grants	1,465,393	2,027,266	(561,873)	2,108,927	(81,661)
West Sacramento Transit Center					
State Grants	15,360	7,674	7,686		7,674
Mitigation Revenue	1,357,073	1,230,789	126,284	1,208,114	22,675
Miscellaneous Revenues	351,098	259,575	91,523	291,432	(31,857)
Madison Bus Stop Grants	504,130		504,130		
Auxiliary Transportation	281,653	147,396	134,257	70,202	77,194
Interest Revenue	30,820	26,306	4,514	51,574	(25,268)
Madison Bus Stop Expenses	(602,890)		(602,890)		
Pass-through to Other Agencies	(25,000)	(150,000)	125,000	(20,000)	(130,000)
Loss on Disposal of Capital Assets		(330)	330	(1,700)	1,370
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>8,376,798</u>	<u>8,545,433</u>	<u>(168,635)</u>	<u>8,596,299</u>	<u>(50,866)</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>559,461</u>	<u>1,101,419</u>	<u>(541,958)</u>	<u>7,692,401</u>	<u>(6,590,982)</u>
CHANGES IN NET POSITION	<u>(2,153,669)</u>	<u>(1,791,484)</u>	<u>(362,185)</u>	<u>5,397,482</u>	<u>(7,188,966)</u>
Net Position at Beginning of Year	<u>28,531,055</u>	<u>30,322,539</u>	<u>(1,791,484)</u>	<u>24,925,057</u>	<u>5,397,482</u>
NET POSITION AT END OF YEAR	<u>\$ 26,377,386</u>	<u>\$ 28,531,055</u>	<u>\$ (2,153,669)</u>	<u>\$ 30,322,539</u>	<u>\$ (1,791,484)</u>

**Operating Revenues**

The District's operating revenue is a combination of passenger fares, made up of cash from the fareboxes and pre-paid fare media, and special fares, which are fares paid for by non-profits and other government agencies. The District's operating FY 2014/15 revenue remains consistent with FY 2012/13 and FY 2011/12.

**Operating Expenses**

The District's operating expenses consist of charges for fixed route and paratransit operations, administrative expenses, marketing, maintenance expenses, including re-building both transmissions and engines, and other



YOLO COUNTY TRANSPORTATION DISTRICT

Management’s Discussion and Analysis  
June 30, 2014 and 2013

operating expenses. The slight decrease in expenses for FY 2013/14 is primarily due to salaries and benefits (vacant positions) and the reclassification of Madison bus stop improvements to non-operating expenses.

The slight increase in expenses between FY 2011/12 and FY 2012/13 is connected to facility maintenance at the Woodland Mall, the purchase of new office furniture and the start of the Madison bus stop improvements.

**Non-operating Revenues (Expenses)**

Mitigation revenue is funding the District receives from Yocha Dehe Wintun Nation which offsets the cost of the route 215. This is a long standing partnership that began back in July of 1999.

Miscellaneous revenue is rebates that the District receives for using compressed natural gas (CNG) in our buses.

Auxiliary Transportation is mainly the revenue that the District receives from the sale of CNG for vehicles to various other companies or organizations.

Capital contributions consist of grants received by the District from the Federal Transit Administration and the State of California, from either the Department of Transportation or the California Emergency Management Agency relating to capital for improvements owned by the District. In FY 2013/14 there was a \$.5 million dollar decrease in funding due to the remainder of the administrative facility construction being funded during FY 2012/13.

**Capital Assets**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Increase (Decrease) from 2013 to 2014</u>	<u>June 30, 2012</u>	<u>Increase (Decrease) from 2012 to 2013</u>
<b>Capital assets, not being depreciated</b>					
Land	\$ 465,000	\$ 465,000		\$ 465,000	
Work in Progress				5,452,009	\$ (5,452,009)
Total capital assets, not being depreciated	465,000	465,000		5,917,009	(5,452,009)
<b>Capital assets, being depreciated</b>					
Equipment & Transit Vehicles	28,148,979	27,886,867	\$ 262,112	27,857,711	29,156
Building and improvements	10,768,739	10,700,582	68,157	4,252,755	6,447,827
Total capital assets, being depreciated	38,917,718	38,587,449	330,269	32,110,466	6,476,983
<b>Less accumulated depreciation for:</b>					
Equipment & Transit Vehicles	(19,802,833)	(17,688,315)	(2,114,518)	(15,482,231)	(2,206,084)
Building and improvements	(3,284,059)	(2,758,990)	(525,069)	(2,490,619)	(268,371)
Total accumulated depreciation	(23,086,892)	(20,447,305)	(2,639,587)	(17,972,850)	(2,474,455)
<b>Total capital assets being depreciated, net</b>	<u>15,830,826</u>	<u>18,140,144</u>	<u>(2,309,318)</u>	<u>14,137,616</u>	<u>4,002,528</u>
<b>Capital assets, net</b>	<u>\$ 16,295,826</u>	<u>\$ 18,605,144</u>	<u>\$ (2,309,318)</u>	<u>\$ 20,054,625</u>	<u>\$ (1,449,481)</u>

At the close of FY 2013/14, the District’s net investment in capital assets decreased \$2.3 million to \$16.3 million, from \$18.6 million at the end of FY 2012/13. Capital asset categories are land, work in progress, equipment & transit vehicles, and buildings & improvements. The decrease in capital assets, net was primarily the adjustment for depreciation expense for FY 2013/14 and FY 2012/13. There was a large increase in capital assets in FY 2011/12 due to the completion of YCTD’s facility expansion. There have been no significant fixed asset purchases during the last two years.

# YOLO COUNTY TRANSPORTATION DISTRICT

## Management's Discussion and Analysis June 30, 2014 and 2013

### **Economic Factors and the Future**

General economic conditions are expected to continue to improve during 2015. The cuts that we have seen in the last couple of years with State employees seem to have stabilized along with our ridership.

Fiscal year 2014/15 operating expenses are budgeted to increase 3.2%, or \$1,400,937, compared to the 2013/2014 budget, mostly due to escalators in YCTD's operations contract with Transdev, higher operating costs associated with detours around the Sacramento Entertainment and Sports Center during construction and undertaking work to develop a transportation capital improvement plan. Note that the budget includes 1,000 hours for added service to cover extra trips to the airport during holidays and school breaks and for re-routes anticipated because of ongoing street detours during the construction season.

Restricted cash and current grants will be utilized to fund all capital projects, including the replacement of 9 CNG buses, and 9 paratransit vehicles.

### **Requests for Information**

This financial report is designed to provide a general overview of Yolo County Transportation District's financial position and results of operations. Questions concerning the information provided in this report or requests for additional information should be addressed to Janice Phillips, Deputy Director-Finance, Grants & Procurement, 350 Industrial Way, Woodland, California 95776 or [jphillips@yctd.org](mailto:jphillips@yctd.org).

YOLO COUNTY TRANSPORTATION DISTRICT

BALANCE SHEETS

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 6,431,945	\$ 6,785,423
Due from Other Governments	1,649,658	1,544,563
Accounts Receivable	801,183	675,415
Prepaid Expenses		<u>21,931</u>
<b>TOTAL CURRENT ASSETS</b>	<u>8,882,786</u>	<u>9,027,332</u>
<b>NONCURRENT ASSETS</b>		
Restricted Cash and Investments:		
Capital Reserves	1,652,204	1,646,876
PTMISEA	178,597	178,021
Governor's Office of Homeland Security	<u>384,907</u>	<u>225,723</u>
Total Restricted Assets	2,215,708	2,050,620
Other Postemployment Benefits	52,831	
Capital Assets:		
Nondepreciable	465,000	465,000
Depreciable, Net	<u>15,830,826</u>	<u>18,140,144</u>
Total Capital Assets, Net	<u>16,295,826</u>	<u>18,605,144</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>18,564,365</u>	<u>20,655,764</u>
<b>TOTAL ASSETS</b>	<u>\$ 27,447,151</u>	<u>\$ 29,683,096</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 842,479	\$ 831,165
Accrued Wages	34,481	46,935
Due to other Governments	129,768	159,689
Accrued Compensated Absences	<u>45,712</u>	<u>62,217</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,052,440</u>	<u>1,100,006</u>
<b>NONCURRENT LIABILITIES</b>		
Other Postemployment Benefits		40,981
Accrued Compensated Absences	<u>17,325</u>	<u>11,054</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>17,325</u>	<u>52,035</u>
<b>TOTAL LIABILITIES</b>	<u>1,069,765</u>	<u>1,152,041</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	16,295,826	18,605,144
Restricted for Equipment Replacement	2,215,708	2,050,620
Restricted for Capital Purposes	918,272	500,577
Unrestricted	<u>6,947,580</u>	<u>7,374,714</u>
<b>TOTAL NET POSITION</b>	<u>26,377,386</u>	<u>28,531,055</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 27,447,151</u>	<u>\$ 29,683,096</u>

The accompanying notes are an integral part of these financial statements

YOLO COUNTY TRANSPORTATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION

For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUE</b>		
Passenger Fares	\$ 2,582,076	\$ 2,536,229
Special Fares	63,836	55,358
<b>TOTAL OPERATING REVENUE</b>	<u>2,645,912</u>	<u>2,591,587</u>
<b>OPERATING EXPENSES</b>		
Purchased Transportation	7,794,281	7,498,919
Salaries & Benefits	981,200	1,151,050
Insurance	560,619	543,221
Vehicle Fuel	1,176,572	1,039,113
Other Services & Supplies	583,582	1,194,710
Depreciation	2,639,586	2,602,910
<b>TOTAL OPERATING EXPENSES</b>	<u>13,735,840</u>	<u>14,029,923</u>
<b>NET LOSS FROM OPERATIONS</b>	(11,089,928)	(11,438,336)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Local Transportation Fund and State Transit Assistance Allocation	4,999,161	4,996,757
Federal Transit Administration Grants:		
Operating Grants	1,465,393	2,027,266
Mitigation Revenue - Tribe	1,357,073	1,230,789
Madison Bus Stop Grants	504,130	
Miscellaneous Revenues	351,098	259,575
Auxiliary Transportation	281,653	147,396
Interest Revenue	30,820	26,306
State Grants	15,360	7,674
Madison Bus Stop Expenses	(602,890)	
Pass-through to Other Governments	(25,000)	(150,000)
Loss on Disposal of Capital Assets		(330)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>8,376,798</u>	<u>8,545,433</u>
<b>NET (LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	(2,713,130)	(2,892,903)
<b>CAPITAL CONTRIBUTIONS</b>		
Local Transportation Fund, State Transit Assistance Allocation and Other Capital Revenue	479,071	1,044,923
Federal Transit Administration Grant	80,390	56,496
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<u>559,461</u>	<u>1,101,419</u>
<b>CHANGES IN NET POSITION</b>	(2,153,669)	(1,791,484)
Net Position at Beginning of Year	<u>28,531,055</u>	<u>30,322,539</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 26,377,386</u>	<u>\$ 28,531,055</u>

The accompanying notes are an integral part of these financial statements

YOLO COUNTY TRANSPORTATION DISTRICT

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Receipts From Customers	\$ 2,539,927	\$ 2,660,026
Cash Paid to Suppliers for Goods and Services	(10,205,542)	(10,562,252)
Cash Paid to Employees for Services	(1,003,888)	(1,161,271)
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<u>(8,669,503)</u>	<u>(9,063,497)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating Grants and Subsidies	7,925,135	8,193,711
Nonoperating Expenses Paid	(602,890)	
Pass-through Payments	(25,000)	(150,000)
Other Income	1,136,881	406,971
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>8,434,126</u>	<u>8,450,682</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
<b>RELATED FINANCING ACTIVITIES</b>		
Capital Contributions Received	346,435	1,989,990
Acquisition of Capital Assets	(330,268)	(1,153,928)
Proceeds from Disposal of Capital Asset		170
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>16,167</u>	<u>836,232</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Pooled Investments	30,820	26,306
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>30,820</u>	<u>26,306</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(188,390)	249,723
Cash and Cash Equivalents at Beginning of Year	8,836,043	8,586,320
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 8,647,653</u></u>	<u><u>\$ 8,836,043</u></u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET</b>		
Cash and Cash Equivalents	\$ 6,431,945	\$ 6,785,423
Restricted Cash and Cash Equivalents	2,215,708	2,050,620
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 8,647,653</u></u>	<u><u>\$ 8,836,043</u></u>
<b>RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:</b>		
Net Loss From Operations	\$(11,089,928)	\$(11,438,336)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:		
Depreciation	2,639,586	2,602,910
<b>Changes in Operating Assets and Liabilities:</b>		
Accounts Receivable and Due from Other Governments	(105,985)	68,440
Prepaid Expenses	21,931	(21,931)
Accounts Payable and Due to Other Governments	(18,607)	(264,360)
Accrued Wages	(12,454)	13,008
Other Post-employment Benefits	(93,812)	(17,402)
Accrued Compensated Absences	(10,234)	(5,826)
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<u><u>\$ (8,669,503)</u></u>	<u><u>\$ (9,063,497)</u></u>

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

# YOLO COUNTY TRANSPORTATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Yolo County Transportation District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District follows Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant accounting principles of the District are described below.

Description of Reporting Entity: Until August 1, 1989, the Yolo Transit System and Mini-Transit System were established to meet the transportation needs of the general public in and around the County of Yolo as part of the Yolo County's Enterprise Fund. A Joint Exercise of Powers Agreement was signed between Yolo County and the Cities of Davis, West Sacramento, Winters, and Woodland whereby the District would operate as a Joint Powers Agency, called Yolo county Transit Authority, pursuant to Section 6500 of the California Government Code and would be administratively separated from the County. The District's operations were separated from the Yolo County Enterprise Fund on August 1, 1989. Effective July 1, 1998, the District became the Yolo County Transportation District (District) as a result of the passage of Assembly Bill No. 2420, which established the District as the consolidated transportation services agency and the congestion management agency for Yolo County. The District's mission is to provide alternative transportation to transit dependent individuals and the general public responsive to the needs of jurisdictions in Yolo County, to review and recommend project nominations for Intermodal Surface Transportation Efficiency Act and other funding, and to monitor the Congestion Management Plan. In addition to fare revenues, the District receives funds under the provisions of the Transportation Development Act from the Sacramento Area Council of Governments Yolo County Local Transportation Fund and the State Transit Assistance Fund. The District also receives revenue from Federal Transit Administration grants.

The primary service of the District is to provide Fixed Route Service through twenty-three fixed routes serving West Sacramento, Woodland, Davis, Capay Valley, the Sacramento International Airport and downtown Sacramento, including local service in Woodland, Winters, and West Sacramento, and contributes to Unitrans, which provides bus service to U.C. Davis students and residents in Davis. The District also provides Paratransit Service for residents in Woodland, Davis, and West Sacramento to comply with the Americans with Disabilities Act. Transit services are provided under contract with Transdev (formerly Veolia Transportation, Incorporated), which is in effect through July 29, 2018.

Basis of Presentation: The District's resources are allocated to and accounted for in these financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. The unrestricted net position for the enterprise fund represents the net position available for future operations.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net Position is segregated into the net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net position.

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2014 and 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. TDA revenues are recorded when all eligibility requirements have been met.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are fares received from passengers for transportation services. Operating expenses for enterprise funds included the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments: For the purposes of reporting cash flows, cash and cash equivalents are defined as those amounts included in the balance sheet captions "Cash and cash equivalents" and "restricted cash and cash equivalents" and consist of amounts held in a bank account and the Yolo County cash investment pool, which are available on demand.

Capital Assets: All capital assets are valued at historical cost or at estimated historical cost if actual historical cost is not available. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives, which range from three to twenty years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Restricted Net Position: Restrictions of net position show amounts that are legally restricted for specific uses. The amounts restricted for equipment replacement include TDA revenues collected for equipment replacement and capital purposes that are considered restricted in accordance with TDA requirements since amounts are billed in advance of expenses being incurred as well as other restricted cash described in Note C. Restricted for capital purposes represents State Transit Assistance Fund (STAF) revenue restricted for capital projects. The restricted net position is expendable.

Compensated Absences: Unused vacation leave and compensatory time off may be accumulated up to a specified maximum and is paid at the time of termination from District's employment. The District is not obligated to pay for unused sick leave if an employee terminates prior to retirement. Retirees may elect to convert their sick leave to service credit under the District's pension plan with PERS. If the retiree elects not to convert the unused sick leave to PERS service credits, 50% of the hours over 200 hours is payable at termination and is included in the compensated absences liability. The District accrues accumulated unpaid compensated absences when earned by the employee. The cost of vacation and compensating time off is recorded in the period earned.

New Pronouncements: In June 2012, the GASB approved Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement requires governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability on the statement of net position and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. This Statement requires the use of the entry age normal method to be used with each period's service cost determined as a level percentage of pay and requires certain other changes to compute the pension liability and expense. This Statement also requires revised and new note disclosures and required supplementary information (RSI) to be reported by employers. The provisions of this Statement are effective for periods beginning after June 15, 2014.

YOLO COUNTY TRANSPORTATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2014 and 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In November 2013, the GASB approved Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. GASB Statement No. 68 requires a local government employer to recognize a net pension liability measured as of a date (measurement date) no earlier than the end of its prior fiscal year. This Statement requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. This Statement will be implemented simultaneously with Statement No. 68.

The District will fully analyze the impact of these Statements prior to the effective date above.

NOTE B – CASH AND INVESTMENTS

The District’s cash and investments at June 30 is classified in the accompanying financial statements as follows:

	2014	2013
Cash and investments	\$ 6,431,945	\$ 6,785,423
Restricted cash	2,215,708	2,050,620
Total cash and investments	\$ 8,647,653	\$ 8,836,043

Cash and investments as of June 30 consisted of the following:

	2014	2013
Cash on hand	\$ 400	\$ 400
Deposits with financial institutions	356,890	134,842
Investment in Yolo County Pooled Investment Fund	8,290,363	8,700,801
Total cash and investments	\$ 8,647,653	\$ 8,836,043

Investment policy: California statutes authorize special districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.



YOLO COUNTY TRANSPORTATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2014 and 2013

NOTE B – CASH AND INVESTMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
State of California Obligations	5 years	None	None
California Municipal Obligations	5 years	None	None
Bankers acceptances	180 days	40%	10%
Commercial Paper - Select Agencies	270 days	25%	10%
Commercial Paper - Other Agencies	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Non-negotiable Certificates of Deposit	180 days	None	10%
Repurchase Agreements	90 days	None	10%
Corporate Medium Term Notes	5 years	30%	10%
Mutual Funds/Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
Local government investment pools	N/A	None	None

The District complied with the provisions of California Government Code pertaining to the types of investments held, institutions in which deposits were made and security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Interest rate risk: Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive to changes in market interest rates of its fair value. As of June 30, 2014 and 2013, the weighted average maturity of the investments contained in the County of Yolo investment pool was approximately 1,469 and 326 days, respectively.

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 of Yolo investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (eg., 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 requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County of Yolo investment pool).

At June 30, 2014 and 2013, the carrying amount of the District's deposits was \$356,890 and \$134,842 and the balance in financial institutions was \$346,756 and \$124,826, respectively. Of the balance in financial institutions, \$250,000 was insured by the Federal Deposit Insurance Corporation and the remaining amount was secured by a pledge of the financial institution's securities, but not in the name of the District.

YOLO COUNTY TRANSPORTATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2014 and 2013

NOTE B – CASH AND INVESTMENTS (Continued)

Investment in the County of Yolo Investment Pool: The District’s cash is held in the County of Yolo Treasury. The County maintains an investment pool and allocates interest to the various funds based upon the average daily cash balances. Investments held in the County’s investment pool are available on demand to the District and are stated at cost, which approximates fair value.

NOTE C – RESTRICTED CASH

Restricted cash and investments as of June 30 consisted of the following:

	2014	2013
Capital reserves	\$ 1,652,204	\$ 1,646,876
PTMISEA	178,597	178,021
Governor's Office of Homeland Security	384,907	225,723
Total restricted cash	\$ 2,215,708	\$ 2,050,620

Capital Reserves: For the fiscal years ended June 30, 2014 and 2013, the Fixed Route Services has accumulated \$1,594,564 and \$1,589,422 and the ADA Paratransit Service has accumulated \$57,640 and \$57,454 from its member agencies that is restricted for equipment replacement and capital purposes.

PTMISEA: In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement.

During the fiscal year ended June 30, 2013 the District received proceeds of \$178,000 for the purchase of paratransit vehicles. As of June 30, 2014, \$597 of interest earned on the PTMISEA balance was added to the total for the paratransit vehicles. As there were no qualifying expenditures incurred during the year, the total proceeds of \$178,597 were restricted for paratransit vehicles scheduled for purchase during fiscal year 2014/15. Qualifying expenditures must be encumbered within three years from the date of the allocation and expended within three years from the date of the encumbrance.

As of June 30, PTMISEA funds received and expended were verified in the course of the audit as follows:

	2014	2013
Unexpended proceeds, beginning of year	\$ 178,021	\$ 21
PTMISEA received		178,000
Interest earnings	576	
Unexpended proceeds	\$ 178,597	\$ 178,021

YOLO COUNTY TRANSPORTATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2014 and 2013

NOTE C – RESTRICTED CASH (Continued)

Governor’s Office of Homeland Security: As approved by the voters in the November 2006 general elections, Proposition 1B enacts 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, including high-priority transportation corridor improvements, State Route 99 corridor enhancements, trade infrastructure and port security projects, school bus retrofit and replacement purposes, state transportation improvement program augmentation, transit and passenger rail improvements, state-local partnership transportation projects, transit security projects, local bridge seismic retrofit projects, highway-railroad grade separation and crossing improvement projects, state highway safety and rehabilitation projects, and local street and road improvement, congestion relief, and traffic safety. The Governor’s Office of Homeland Security has been charged with administering the following Prop 1B bonds, Port, Harbor, and Ferry Terminal Security Account (\$100 million in funding), and Transit System Safety, Security & Disaster Response Account (\$1 billion in funding).

Transit System Safety, Security & Disaster Response funds 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 operations, 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.

The District applied for and received \$787,986 through June 30, 2013 and an additional \$190,554 during the year ended June 30, 2014 for OHS related projects and equipment which included an emergency generator, facility security improvements, solar lighting, bus shelters and bus stop improvements, and RouteMatch/AVL connection equipment and software. As of June 30, 2013, only some of the emergency generator funds and the bus shelter and bus stop improvement funds were unspent.

The remaining proceeds in the table below at June 30, 2014, including accrued interest, are restricted for bus shelter and bus stop improvements scheduled for expenditure during fiscal years 2014/15 and 2015/16. Qualifying expenses must be encumbered within three years from the date of the allocation and expended within three years from the date of the encumbrance. As of June 30 funds received and expended were verified in the course of the audit as follows:

	2014	2013
Unexpended proceeds, beginning of year	\$ 225,723	\$ 540,319
Governor's Office of Homeland Security received	190,554	
Interest earnings	728	1,489
Expenses incurred:		
Installation of emergency generator	(32,098)	
Purchase of emergency generator and District facility security improvements		(316,085)
	\$ 384,907	\$ 225,723
Unexpended proceeds, end of year		

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2014 and 2013

NOTE D – DUE FROM OTHER AGENCIES

The due from other agencies consisted of the following at June 30:

	2014	2013
Federal Transit Administration grants	\$ 646,068	\$ 552,293
State Transit Assistance Fund	427,453	214,427
SACOG - New Freedom, JARC and Internship grants	223,945	82,276
City of West Sacramento	144,270	
Sacramento Regional Transit District	106,503	120,426
California Department of Transportation	50,696	396,488
Other	50,723	169,025
Internal Revenue Service - fuel tax rebate		9,628
	\$ 1,649,658	\$ 1,544,563

NOTE E – CAPITAL ASSETS

Capital asset activity for the years ended June 30 consisted of the following:

	Balance July 1, 2013	Additions	Transfers/ Adjustments	Retirements	Balance June 30, 2014
<b>Fixed Route Service</b>					
Capital assets, not being depreciated					
Land	\$ 465,000				\$ 465,000
Total capital assets, not being depreciated	465,000				465,000
Capital assets, being depreciated					
Equipment and transit vehicles	27,145,233	\$ 262,111			27,407,344
Buildings and improvements	10,700,582	68,157			10,768,739
Total capital assets, being depreciated	37,845,815	330,268			38,176,083
Less accumulated depreciation for:					
Equipment and transit vehicles	(17,029,159)	(2,067,270)			(19,096,429)
Buildings and improvements	(2,758,991)	(525,068)			(3,284,059)
Total accumulated depreciation	(19,788,150)	(2,592,338)			(22,380,488)
Total capital assets being depreciated, net	18,057,665	(2,262,070)			15,795,595
Capital assets, net	\$ 18,522,665	\$ (2,262,070)	\$ -	\$ -	\$ 16,260,595
<b>ADA Paratransit Service</b>					
Capital assets, being depreciated					
Equipment and transit vehicles	\$ 741,635				\$ 741,635
Total capital assets, being depreciated	741,635				741,635
Less accumulated depreciation for:					
Equipment and transit vehicles	(659,156)	\$ (47,248)			(706,404)
Total accumulated depreciation	(659,156)	(47,248)			(706,404)
Capital assets, net	\$ 82,479	\$ (47,248)	\$ -	\$ -	\$ 35,231
Combined capital assets, net	\$ 18,605,144	\$ (2,309,318)	\$ -	\$ -	\$ 16,295,826

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2014 and 2013

NOTE E – CAPITAL ASSETS (Continued)

<u>Fixed Route Service</u>	Balance July 1, 2012	Additions	Transfers/ Adjustments	Retirements	Balance June 30, 2013
Capital assets, not being depreciated					
Land	\$ 465,000				\$ 465,000
Work in progress	5,452,009		\$ (5,452,009)		
Total capital assets, not being	5,917,009		(5,452,009)		465,000
Capital assets, being depreciated					
Equipment and transit vehicles	27,113,747	\$ 158,111		\$ (126,625)	27,145,233
Buildings and improvements	4,252,755	995,818	5,452,009		10,700,582
Total capital assets, being depreciated	31,366,502	1,153,929	5,452,009	(126,625)	37,845,815
Less accumulated depreciation for:					
Equipment and transit vehicles	(14,932,707)	(2,222,577)		126,125	(17,029,159)
Buildings and improvements	(2,490,618)	(268,373)			(2,758,991)
Total accumulated depreciation	(17,423,325)	(2,490,950)		126,125	(19,788,150)
Total capital assets being depreciated, net	13,943,177	(1,337,021)	5,452,009	(500)	18,057,665
Capital assets, net	<u>\$ 19,860,186</u>	<u>\$ (1,337,021)</u>	<u>\$ -</u>	<u>\$ (500)</u>	<u>\$ 18,522,665</u>
<b><u>ADA Paratransit Service</u></b>					
Capital assets, being depreciated					
Equipment and transit vehicles	\$ 743,964			\$ (2,329)	\$ 741,635
Total capital assets, being depreciated	743,964				741,635
Less accumulated depreciation for:					
Equipment and transit vehicles	(549,525)	\$ (111,960)		2,329	(659,156)
Total accumulated depreciation	(549,525)	(111,960)			(659,156)
Capital assets, net	<u>\$ 194,439</u>	<u>\$ (111,960)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,479</u>
Combined capital assets, net	<u>\$ 20,054,625</u>	<u>\$ (1,448,981)</u>	<u>\$ -</u>	<u>\$ (500)</u>	<u>\$ 18,605,144</u>

NOTE F – LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30 consisted of the following:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014	Due within one year
Compensated absences	\$ 73,271	\$ 42,900	\$ (53,134)	\$ 63,037	\$ 45,712
	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Due within one year
Compensated absences	\$ 79,098	\$ 56,390	\$ (62,217)	\$ 73,271	\$ 62,217

YOLO COUNTY TRANSPORTATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2014 and 2013

NOTE G – FARE REVENUE RATIO

The District is required to maintain a fare revenue to operating expense ratio of 15.0% for year ending June 30, 2014 and 13.50% for year ending June 30, 2013, in accordance with the Transportation Development Act. The fare revenue to operating expenses ratio for the District is calculated as follows for the years ended June 30:

	2014	2013
Fare revenues	\$ 2,645,912	\$ 2,591,587
Operating expenses	\$ 13,735,840	\$ 14,029,923
Less allowable exclusions:		
Depreciation	(2,639,586)	(2,602,910)
Net operating expenses	\$ 11,096,254	\$ 11,427,013
Fare revenue ratio	23.85%	22.68%

NOTE H – DEFINED BENEFIT PENSION PLAN

Plan Description: The District contributes to the California Public Employees’ Retirement System (CalPERS), a cost sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. CalPERS requires plans with less than 100 active participants to participate in risk pools. District employees participate in the Miscellaneous 2.5% at 55 risk pool. Copies of CalPERS’ annual financial report may be obtained from their Headquarter at: CalPERS Headquarters, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811.

The Public Employee’s Pension Reform Act (PEPRA) changed the benefit rate for employees that were not members of CalPERS as of January 1, 2013 to 2.0% at 62. However, the Federal Department of Labor sued the State of California after ruling PEPRA interferes with collective-bargaining rights of transit unions to negotiate benefits. Consequently, the State of California passed Assembly Bill 1222, which temporarily exempts from PEPRA any public transit employees of agencies that receive funding from the Federal Transit Administration until the issue is decided in court or until January 1, 2015, whichever is sooner.

Funding Policy: Participants are required to contribute 8% of their annual covered salary. The District’s employees now are required to contribute the entire 8% employee share of their annual covered salary themselves. The District is required to contribute at an actuarially determined rate; the rates for the years ended June 30, 2014 and 2013 were 18.686% and 17.511% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by CalPERS. The District contributions for the years ended June 30, 2014, 2013 and 2012, were \$140,450, \$126,036, and \$131,133, respectively, which were equal to the required contributions each year.

YOLO COUNTY TRANSPORTATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2014 and 2013

NOTE I – OTHER POST-EMPLOYMENT BENEFITS

Plan Description: The Yolo County Transportation District Retiree Healthcare Plan (“Plan”) is an agent multiple employer defined benefit healthcare plan administered by the District. The Plan provides healthcare benefits to eligible retirees and their dependents through the California Public Employees’ Retirement system healthcare program (PEMHCA), which invests the Plan’s assets through the California Employers’ Retiree Benefit Trust (CERBT). The CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 to administer retiree healthcare benefits and collectively invest plan assets of all trust members. The CERBT issues publicly available financial statements according to GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, in aggregate with the other CERBT participating employers. The CERBT financial statements can be obtained from the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Benefit provisions are established and may be amended by the District’s Board of Directors. The District’s Plan does not issue separate financial statements.

The District provides retiree medical contributions at a rate of 90% for non-management and 100% for management employees at the lowest Bay Area HMO premium through PEMHCA (CalPERS healthcare program) for employees who retire directly from the District under CalPERS. Benefits continue to surviving spouses and dependents. Since PEMHCA is a community-rated plan, an implied subsidy is not valued under GASB 45.

Funding Policy: The contribution requirements of the Plan participant and the District are established by and may be amended by the District pursuant to agreements with its employees. The District contributed \$17,260 and \$13,402 during the years ended June 30, 2014 and 2013, respectively, on a pay-as-you go basis for current benefit payments in addition to a \$100,000 payment against the annual required contribution. Retired plan members and their beneficiaries pay the annual premium cost not paid by the District. The District joined California Employers Retiree Benefit Trust (CERBT) in 2011 and started the pre-funding process.

Annual OPEB Cost and Net OPEB Obligation: The District’s annual other postemployment benefit cost (expense) of \$23,448 and \$96,000 for the years ended June 30, 2014 and 2013, respectively, was calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District’s annual OPEB cost for the years ended June 30, 2014 and 2013, the amount actually contributed to the Plan, and changes in the District’s Net OPEB obligation:

	2014	2013
Annual required contribution	\$ 24,261	\$ 97,000
Interest on net OPEB obligation	2,971	5,000
Adjustment to annual required contribution	(3,784)	(6,000)
Annual OPEB cost (expense)	23,448	96,000
Contribution made:		
Benefit Payments	(17,260)	(13,402)
Trust Pre-Funding	(100,000)	(100,000)
Decrease in net OPEB obligation	(93,812)	(17,402)
Net OPEB obligation - beginning of year	40,981	58,383
Net OPEB (asset) obligation - end of year	\$ (52,831)	\$ 40,981

YOLO COUNTY TRANSPORTATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2014 and 2013

NOTE I – OTHER POST-EMPLOYMENT BENEFITS (Continued)

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2012	\$ 102,000	109.4%	\$ 58,383
6/30/2013	96,000	118.1%	40,981
6/30/2014	23,448	500.1%	(52,831)

Funded Status and Funding Progress: The funded status of the Plan as of June 30, 2013 was as follows:

Actuarial accrued liability (AAL)	\$ 550,000
Actuarial value of Plan assets	418,000
Unfunded actuarial accrued liability (UAAL)	<u>\$ 132,000</u>
Funded ratio (actuarial value of Plan assets/AAL)	76.00%
Covered payroll (active Plan participants)	\$ 613,000
UAAL as a percentage of covered payroll	21.53%

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

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) 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 participants to that point. 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.

For the June 30, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), 2.75% payroll increases and a 2.75% general inflation assumption. Medical premiums were assumed to increase at a 4% rate. The valuation included a 5 year smoothing formula with a 20% corridor around market value. The UAAL was amortized based on years of service as a level percentage over a closed 30-year period for the initial UAAL, and a level percent open 15-year amortization period for any residual UAAL.



YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2014 and 2013

NOTE J – INSURANCE COVERAGE

The District participates in the California Transit Indemnity Pool (CalTIP), a public entity risk pool of governmental transit operators within California, for liability (general, automobile, public officials errors and omissions and employment practices) and vehicle physical damage (collision and comprehensive). The District is provided with excess coverage fund for these items through commercial insurance. Loss contingency reserves established by CalTIP are funded by contributions from member agencies. The District pays an annual premium to CalTIP that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting, legal costs, administrative and other costs to operate CalTIP. The District's CalTIP pooled coverage is \$1,000,000 for liability and \$100,000 for vehicle physical damage for each occurrence. The District then has excess liability coverage for an additional \$24,000,000 for liability coverage and \$19,900,000 for vehicle physical damage for a total of \$25,000,000 for liability and \$20,000,000 for vehicle physical damage per occurrence. The District has no deductible for its liability policy and a \$10,000 and \$500 deductible per bus and automobile, respectively, for the vehicle physical damage policy. The District is also covered for damage to its commercial property through Golden Eagle Insurance Corp. Settled claims resulting from all risks have not exceeded the District's commercial insurance coverage and no reductions in insurance coverage have occurred in the past three years.

NOTE K – CONCENTRATIONS

The District receives a substantial amount of its support from a statewide retail sales tax from the Local Transportation Fund created by the Transportation Development Act as well as Federal Transit Administration grants. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the District's activities.

NOTE L – COMMITMENTS AND CONTINGENCIES

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

On July 30, 2006, the District entered into a seven-year agreement with Transdev (formerly Veolia Transportation Incorporated) to provide transit services. On January 14, 2013, the Yolo County Transportation District Board of Directors authorized its Executive Director to exercise the option years in contract and approved a five-year extension from July 30, 2013 through July 29, 2018. As of June 30, 2014, the remaining commitment payable to Transdev is an amount not to exceed \$31,279,836.

The District is party to claims arising in the ordinary course of business. After taking into consideration information furnished by legal counsel to the District as to the current status of the claims to which the District is a party, management is of the opinion that the ultimate aggregate liability represented thereby, if any, will not have a material adverse effect on the financial position or results of operations of the District.

NOTE M – RELATED PARTY TRANSACTIONS

The County of Yolo, a member of the Yolo County Transportation District, provides certain accounting, investment and other professional services to the District. Legal services are billed separately and at amounts that will approximately recover the County's full cost of providing such services. Expense for services provided by the County totaled \$5,669 and \$22,365 for the years ended June 30, 2014 and 2013, respectively.

YOLO COUNTY TRANSPORTATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2014 and 2013

NOTE N – PASS THROUGH PTMISEA

As of June 30, the status of the District’s PMTISEA grants were as follows:

	Paratransit Vehicles	Bus Rehabilitation	Bus Replacements	Facility Improvements	Total
Original Grant amount	\$ 250,000	\$ 164,224	\$ 4,212,245	\$ 2,464,000	\$ 7,090,469
Grant amounts received in prior years	\$ 250,000	\$ 164,224	\$ 1,612,245	\$ 2,464,000	\$ 4,490,469
Interest earned in prior years		9,207		12,022	21,229
Transferred in/out	21	(21)			
Grant amounts spent in prior years	(72,000)	(173,410)	(1,612,245)	(2,476,022)	(4,333,677)
Balance - Beginning of year	178,021	-	-	-	178,021
Received					
Interest earned	576				576
Transferred in/out					
Spent in current year					
Balance - End of year	178,597	-	-	-	178,597
Grant balances held as of June 30, 2014	\$ 178,597	\$ -	\$ -	\$ -	\$ 178,597
Grants available/unclaimed - June 30, 2014	\$ -	\$ -	\$ -	\$ -	\$ -
Grants not yet available - June 30, 2014	\$ -	\$ -	\$ 2,600,000	\$ -	\$ 2,600,000

  

	Paratransit Vehicles	Bus Rehabilitation	Bus Replacements	Facility Improvements	Total
Original Grant amount	\$ 250,000	\$ 164,224	\$ 4,212,245	\$ 2,464,000	\$ 7,090,469
Grant amounts received in prior years	\$ 72,000	\$ 164,224	\$ 1,612,245	\$ 1,160,827	\$ 3,009,296
Interest earned in prior years		9,207			9,207
Grant amounts spent in prior years	(72,000)	(173,410)	(1,612,245)	(1,823,526)	(3,681,181)
Balance - Beginning of year		21		(662,699)	(662,678)
Received	178,000			1,303,173	1,481,173
Interest earned				12,022	12,022
Transferred in/out	21	(21)			
Spent in current year				(652,496)	(652,496)
Balance - End of year	178,021	-	-	-	178,021
Grant balances held as of June 30, 2013	\$ 178,021	\$ -	\$ -	\$ -	\$ 178,021
Grants available/unclaimed - June 30, 2013	\$ -	\$ -	\$ -	\$ -	\$ -
Grants not yet available - June 30, 2013	\$ -	\$ -	\$ 2,600,000	\$ -	\$ 2,600,000

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2014 and 2013

NOTE O - SUBSEQUENT EVENT

In December 2014, the Board of Directors approved a contract to purchase nine 40-foot Compressed Natural Gas (CNG) buses for a total cost of \$4,609,106, including extended warranties, training and shipping. Related equipment for the buses was approved as part of the contract for an additional \$233,894. The District has an option to purchase an additional fourteen buses over the next five years through the contractor.

REQUIRED SUPPLEMENTARY INFORMATION

YOLO COUNTY TRANSPORTATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2014

Required Supplementary Information  
 Schedule of Funding Progress of the  
 Other Postemployment Benefits Plan (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
6/30/2010	\$ -	\$ 599,000	\$ 599,000	0.00%	\$ 698,000	85.80%
6/30/2011	178,000	687,000	509,000	25.90%	665,000	76.50%
6/30/2013	418,000	550,000	132,000	76.00%	613,000	21.53%

Note: Neither the June 30, 2013 nor the June 30, 2011 valuation included information for the year ended June 30, 2012. Consequently, information for the year ended June 30, 2012 is omitted from the above table.

**SUPPLEMENTARY INFORMATION**

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING BALANCE SHEET

June 30, 2014

	Fixed Route Service	ADA Paratransit Service	Total	Eliminating Entries	Total All Services
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Investments	\$ 6,431,945		\$ 6,431,945		\$ 6,431,945
Due from Other Governments	1,368,075	\$ 281,583	1,649,658		1,649,658
Due from ADA Paratransit Service	104,837		104,837	\$ (104,837)	
Accounts Receivable	801,183		801,183		801,183
<b>TOTAL CURRENT ASSETS</b>	<b>8,706,040</b>	<b>281,583</b>	<b>8,987,623</b>	<b>(104,837)</b>	<b>8,882,786</b>
<b>NONCURRENT ASSETS</b>					
Restricted Cash and Investments:					
Capital Reserves	1,594,564	57,640	1,652,204		1,652,204
PTMISEA	178,597		178,597		178,597
Governor's Office of Homeland Security	384,907		384,907		384,907
<b>Total Restricted Assets</b>	<b>2,158,068</b>	<b>57,640</b>	<b>2,215,708</b>		<b>2,215,708</b>
Other Postemployment Benefits	52,831		52,831		52,831
Capital Assets:					
Nondepreciable	465,000		465,000		465,000
Depreciable, net	15,795,595	35,231	15,830,826		15,830,826
<b>Total Capital Assets, Net</b>	<b>16,260,595</b>	<b>35,231</b>	<b>16,295,826</b>		<b>16,295,826</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>18,471,494</b>	<b>92,871</b>	<b>18,564,365</b>		<b>18,564,365</b>
<b>TOTAL ASSETS</b>	<b>\$ 27,177,534</b>	<b>\$ 374,454</b>	<b>\$ 27,551,988</b>	<b>\$ (104,837)</b>	<b>\$ 27,447,151</b>
<b>LIABILITIES AND NET POSITION</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 748,531	\$ 93,948	\$ 842,479		\$ 842,479
Accrued Wages	34,481		34,481		34,481
Due to other Governments	120,009	9,759	129,768		129,768
Due to Fixed Route Service		104,837	104,837	\$ (104,837)	
Accrued Compensated Absences	45,712		45,712		45,712
<b>TOTAL CURRENT LIABILITIES</b>	<b>948,733</b>	<b>208,544</b>	<b>1,157,277</b>	<b>(104,837)</b>	<b>1,052,440</b>
<b>NONCURRENT LIABILITIES</b>					
Accrued Compensated Absences	17,325		17,325		17,325
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>17,325</b>		<b>17,325</b>		<b>17,325</b>
<b>TOTAL LIABILITIES</b>	<b>966,058</b>	<b>208,544</b>	<b>1,174,602</b>	<b>(104,837)</b>	<b>1,069,765</b>
Net Investment in Capital Assets	16,260,595	35,231	16,295,826		16,295,826
Restricted for Equipment Replacement	2,158,068	57,640	2,215,708		2,215,708
Restricted for Capital Purposes	918,272		918,272		918,272
Unrestricted	6,874,541	73,039	6,947,580		6,947,580
<b>TOTAL NET POSITION</b>	<b>26,211,476</b>	<b>165,910</b>	<b>26,377,386</b>		<b>26,377,386</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 27,177,534</b>	<b>\$ 374,454</b>	<b>\$ 27,551,988</b>	<b>\$ (104,837)</b>	<b>\$ 27,447,151</b>

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING BALANCE SHEET

June 30, 2013

	Fixed Route Service	ADA Paratransit Service	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Investments	\$ 6,660,866	\$ 124,557	\$ 6,785,423
Due from other Governments	1,300,149	244,414	1,544,563
Accounts Receivable	675,415		675,415
Prepaid Expenses	21,931		21,931
<b>TOTAL CURRENT ASSETS</b>	<b>8,658,361</b>	<b>368,971</b>	<b>9,027,332</b>
<b>NONCURRENT ASSETS</b>			
Restricted Cash and Investments:			
Capital Reserves	1,589,422	57,454	1,646,876
PTMISEA	178,021		178,021
Governor's Office of Homeland Security	225,723		225,723
Total Restricted Assets	1,993,166	57,454	2,050,620
Capital Assets:			
Nondepreciable	465,000		465,000
Depreciable, net	18,057,665	82,479	18,140,144
Total Capital Assets, Net	18,522,665	82,479	18,605,144
<b>TOTAL NONCURRENT ASSETS</b>	<b>20,515,831</b>	<b>139,933</b>	<b>20,655,764</b>
<b>TOTAL ASSETS</b>	<b>\$ 29,174,192</b>	<b>\$ 508,904</b>	<b>\$ 29,683,096</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 748,103	\$ 83,062	\$ 831,165
Accrued Wages	46,935		46,935
Due to other Governments	149,232	10,457	159,689
Accrued Compensated Absences	62,217		62,217
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,006,487</b>	<b>93,519</b>	<b>1,100,006</b>
<b>NONCURRENT LIABILITES</b>			
Other Postemployment Benefits	40,981		40,981
Accrued Compensated Absences	11,054		11,054
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>52,035</b>		<b>52,035</b>
<b>TOTAL LIABIITIES</b>	<b>1,058,522</b>	<b>93,519</b>	<b>1,152,041</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	18,522,665	82,479	18,605,144
Restricted for Equipment Replacement	1,993,166	57,454	2,050,620
Restricted for Capital Purposes	500,577		500,577
Unrestricted	7,099,262	275,452	7,374,714
<b>TOTAL NET POSITION</b>	<b>28,115,670</b>	<b>415,385</b>	<b>28,531,055</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 29,174,192</b>	<b>\$ 508,904</b>	<b>\$ 29,683,096</b>



YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION

For the Year Ended June 30, 2014

	Fixed Route Service	ADA Paratransit Service	Total
<b>OPERATING REVENUE</b>			
Passenger Fares	\$ 2,535,030	\$ 47,046	\$ 2,582,076
Special Fares	20,751	43,085	63,836
<b>TOTAL OPERATING REVENUE</b>	<b>2,555,781</b>	<b>90,131</b>	<b>2,645,912</b>
<b>OPERATING EXPENSES</b>			
Purchased Transportation	6,715,787	1,078,494	7,794,281
Salaries & Benefits	981,200		981,200
Insurance	498,578	62,041	560,619
Vehicle Fuel	1,063,277	113,295	1,176,572
Other Services & Supplies	583,582		583,582
Depreciation	2,592,338	47,248	2,639,586
<b>TOTAL OPERATING EXPENSES</b>	<b>12,434,762</b>	<b>1,301,078</b>	<b>13,735,840</b>
<b>NET LOSS FROM OPERATIONS</b>	<b>(9,878,981)</b>	<b>(1,210,947)</b>	<b>(11,089,928)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Local Transportation Fund and State Transit Assistance Allocation	4,372,904	626,257	4,999,161
Federal Transit Administration Grants: Operating Grants	1,132,075	333,318	1,465,393
Mitigation Revenue - Tribe	1,357,073		1,357,073
Madison Bus Stop Grants	504,130		504,130
Miscellaneous Revenues	351,098		351,098
Auxiliary Transportation	281,653		281,653
Interest Revenue	28,923	1,897	30,820
State Grants	15,360		15,360
Madison Bus Stop Expenses	(602,890)		(602,890)
Pass-through to Other Governments	(25,000)		(25,000)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>7,415,326</b>	<b>961,472</b>	<b>8,376,798</b>
<b>NET (LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(2,463,655)</b>	<b>(249,475)</b>	<b>(2,713,130)</b>
<b>CAPITAL CONTRIBUTIONS</b>			
Local Transportation Fund, State Transit Assistance Allocation and Other Capital Revenue	479,071		479,071
Federal Transit Administration Grant	80,390		80,390
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<b>559,461</b>		<b>559,461</b>
<b>CHANGES IN NET POSITION</b>	<b>(1,904,194)</b>	<b>(249,475)</b>	<b>(2,153,669)</b>
Net Position at Beginning of Year	28,115,670	415,385	28,531,055
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 26,211,476</b>	<b>\$ 165,910</b>	<b>\$ 26,377,386</b>

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION

For the Year Ended June 30, 2013

	Fixed Route Service	ADA Paratransit Service	Total
<b>OPERATING REVENUE</b>			
Passenger Fares	\$ 2,494,705	\$ 41,524	\$ 2,536,229
Special Fares	24,055	31,303	55,358
<b>TOTAL OPERATING REVENUE</b>	<b>2,518,760</b>	<b>72,827</b>	<b>2,591,587</b>
<b>OPERATING EXPENSES</b>			
Purchased Transportation	6,509,085	989,834	7,498,919
Salaries & Benefits	1,151,050		1,151,050
Insurance	489,429	53,792	543,221
Vehicle Fuel	931,182	107,931	1,039,113
Other Services & Supplies	1,194,710		1,194,710
Depreciation	2,490,950	111,960	2,602,910
<b>TOTAL OPERATING EXPENSES</b>	<b>12,766,406</b>	<b>1,263,517</b>	<b>14,029,923</b>
<b>NET LOSS FROM OPERATIONS</b>	<b>(10,247,646)</b>	<b>(1,190,690)</b>	<b>(11,438,336)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Local Transportation Fund and State Transit Assistance Allocation	4,439,068	557,689	4,996,757
Federal Transit Administration Grants: Operating Grants	1,709,764	317,502	2,027,266
Mitigation Revenue - Tribe	1,230,789		1,230,789
Miscellaneous Revenues	259,575		259,575
Auxiliary Transportation	147,396		147,396
Interest Revenue	25,058	1,248	26,306
State Grants	7,674		7,674
Pass-through to Other Governments	(150,000)		(150,000)
Loss on Disposal of Capital Assets	(330)		(330)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>7,668,994</b>	<b>876,439</b>	<b>8,545,433</b>
<b>NET (LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(2,578,652)</b>	<b>(314,251)</b>	<b>(2,892,903)</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>			
Local Transportation Fund, State Transit Assistance Allocation and Other Capital Revenue	1,044,923		1,044,923
Federal Transit Administration Grant	56,496		56,496
<b>TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>1,101,419</b>		<b>1,101,419</b>
<b>CHANGES IN NET POSITION</b>	<b>(1,477,233)</b>	<b>(314,251)</b>	<b>(1,791,484)</b>
Net Position at Beginning of Year	29,592,903	729,636	30,322,539
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 28,115,670</b>	<b>\$ 415,385</b>	<b>\$ 28,531,055</b>

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2014

	Fixed Route Service	ADA Paratransit Service	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Receipts From Customers	\$ 2,451,199	\$ 88,728	\$ 2,539,927
Cash Paid to Suppliers for Goods and Services	(8,961,900)	(1,243,642)	(10,205,542)
Cash Paid to Employees for Services	(1,003,888)		(1,003,888)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(7,514,589)</u>	<u>(1,154,914)</u>	<u>(8,669,503)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating Grants and Subsidies	7,001,326	923,809	7,925,135
Nonoperating Expenses Paid	(602,890)		(602,890)
Pass-through Payments	(25,000)		(25,000)
Other Income	1,136,881		1,136,881
Internal Receipts (Payments)	(104,837)	104,837	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>7,405,480</u>	<u>1,028,646</u>	<u>8,434,126</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Contributions Received	346,435		346,435
Acquisition of Capital Assets	(330,268)		(330,268)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>16,167</u>		<u>16,167</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received on Pooled Investments	28,923	1,897	30,820
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>28,923</u>	<u>1,897</u>	<u>30,820</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(64,019)	(124,371)	(188,390)
Cash and Cash Equivalents at Beginning of Year	8,654,032	182,011	8,836,043
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,590,013</u>	<u>\$ 57,640</u>	<u>\$ 8,647,653</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET</b>			
Cash and Cash Equivalents	\$ 6,431,945	\$ -	\$ 6,431,945
Restricted Cash and Cash Equivalents	2,158,068	57,640	2,215,708
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,590,013</u>	<u>\$ 57,640</u>	<u>\$ 8,647,653</u>
<b>RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:</b>			
Net Loss From Operations	\$ (9,878,981)	\$ (1,210,947)	\$ (11,089,928)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:			
Depreciation	2,592,338	47,248	2,639,586
Changes in Operating Assets and Liabilities:			
Accounts Receivable and Due from Other Governments	(104,582)	(1,403)	(105,985)
Prepaid Expenses	21,931		21,931
Accounts Payable and Due to Other Governments	(28,795)	10,188	(18,607)
Accrued Wages	(12,454)		(12,454)
Other Postemployment Benefits	(93,812)		(93,812)
Accrued Compensated Absences	(10,234)		(10,234)
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (7,514,589)</u>	<u>\$ (1,154,914)</u>	<u>\$ (8,669,503)</u>

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2013

	Fixed Route Service	ADA Paratransit Service	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Receipts From Customers	\$ 2,588,561	\$ 71,465	\$ 2,660,026
Cash Paid to Suppliers for Goods and Services	(9,410,563)	(1,151,689)	(10,562,252)
Cash Paid to Employees for Services	(1,161,271)		(1,161,271)
NET CASH USED FOR OPERATING ACTIVITIES	(7,983,273)	(1,080,224)	(9,063,497)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating Grants and Subsidies	7,281,371	912,340	8,193,711
Pass-through Payments	(150,000)		(150,000)
Other Income	406,971		406,971
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	7,538,342	912,340	8,450,682
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Contributions Received	1,989,990		1,989,990
Acquisition of Capital Assets	(1,153,928)		(1,153,928)
Proceeds from Disposal of Capital Asset	170		170
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	836,232		836,232
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received on Pooled Investments	25,058	1,248	26,306
NET CASH PROVIDED BY INVESTING ACTIVITIES	25,058	1,248	26,306
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	416,359	(166,636)	249,723
Cash and Cash Equivalents at Beginning of Year	8,237,673	348,647	8,586,320
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,654,032</u>	<u>\$ 182,011</u>	<u>\$ 8,836,043</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET</b>			
Cash and Cash Equivalents	\$ 6,660,866	\$ 124,557	\$ 6,785,423
Restricted Cash and Cash Equivalents	1,993,166	57,454	2,050,620
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,654,032</u>	<u>\$ 182,011</u>	<u>\$ 8,836,043</u>
<b>RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:</b>			
Net Loss From Operations	\$ (10,247,646)	\$ (1,190,690)	\$ (11,438,336)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:			
Depreciation	2,490,950	111,960	2,602,910
Changes in Operating Assets and Liabilities:			
Accounts Receivable and Due from Other Governments	69,801	(1,361)	68,440
Prepaid Expenses	(21,931)		(21,931)
Accounts Payable and Due to Other Governments	(264,227)	(133)	(264,360)
Accrued Wages	13,008		13,008
Other Post-Employment Benefits	(17,402)		(17,402)
Accrued Compensated Absences	(5,826)		(5,826)
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (7,983,273)</u>	<u>\$ (1,080,224)</u>	<u>\$ (9,063,497)</u>

## COMPLIANCE REPORTS

# Richardson & Company, LLP

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, THE TRANSPORTATION DEVELOPMENT ACT AND THE PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA) GUIDELINES

To the Board of Directors  
Yolo County Transportation District  
Woodland, California

We have audited, 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, the financial statements of the Yolo County Transportation District (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 19, 2015.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters (including PTMISEA)**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Transportation Development Act (TDA) Funds allocated and received by the District were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6667 of the California Code of Regulations. We also tested the receipt and

To the Board of Directors  
Yolo County Transportation District

appropriate expenditures of bond funds, as presented in Notes C and N to the financial statements, in accordance with the PTMISEA statutes and guidelines. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, the TDA or the PTMISEA.

**Purpose of this Report**

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

*Richardson & Company, LLP*

February 19, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors  
Yolo County Transportation District  
Woodland, California

**Report on Compliance for Each Major Federal Program**

We have audited the Yolo County Transportation District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grant applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.



To the Board of Directors  
Yolo County Transportation District

## **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Richardson & Company, LLP*

February 19, 2015

YOLO COUNTY TRANSPORTATION DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

**A. SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

- |  |            |
|--|------------|
| 1. Type of auditor's report issued:  | Unmodified |
| 2. Internal controls over financial reporting:                                   |            |
| a. Material weaknesses identified  | No         |
| b. Significant deficiencies identified not considered to be material weaknesses? | No         |
| 3. Noncompliance material to financial statements noted?                         | No         |

Federal Awards

- |   |            |
|---|------------|
| 1. Internal control over major programs:  |            |
| a. Material weaknesses identified?  | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?  | No         |
| 2. Type of auditor's report issued on compliance for major programs:  | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | No         |
| 4. Identification of major programs:  |            |

CFDA Number

Name of Federal Program

20.500	Federal Transit Capital Investment Grant, Section 5309 (Federal Transit Cluster)
20.507	Federal Transit Urbanized Area Formula Grants, Section 5307 (Federal Transit Cluster)

- |   |           |
|---|-----------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs?       | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes       |

YOLO COUNTY TRANSPORTATION DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**D. PRIOR YEAR FINDINGS**

None

YOLO COUNTY TRANSPORTATION DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor, if applicable/ Program Title/Grant or Pass-through Number	Federal CFDA Number	Program or Award Amount	Expenditures
<b>MAJOR FEDERAL AWARDS:</b>			
<u>U.S. Department of Transportation, Federal Transit Administration - Direct Awards</u>			
Federal Transit Capital Investment Grants, Section 5309			
CA-04-0179	20.500	\$ 222,400	\$ 80,390
Federal Transit Formula Grants (Urbanized Area Formula Program), Section 5307			
CA-95-X036	20.507	5,689,022	47,881
CA-90-Y854	20.507	3,961,347	991,461
CA-95-X126	20.507	189,000	13,944
CA-90-Y924	20.507	720,000	203,499
		<u>13,783,714</u>	<u>1,256,785</u>
<b>TOTAL MAJOR FEDERAL AWARDS (FEDERAL TRANSIT CLUSTER)</b>		<u>14,006,114</u>	<u>1,337,175</u>
<b>NON-MAJOR FEDERAL AWARDS:</b>			
<u>U.S. Department of Transportation, Federal Transit Administration</u>			
Passed-through the California State Transportation Agency, Department of Transportation			
Formula Grants for Rural Areas (Operating Assistance), Section 5311			
643178	20.509	160,789	160,789
New Freedom Program, Section 5317			
643723	20.521	65,000	47,819
Total Passed-through California State Transportation Agency, Department of Transportation		<u>225,789</u>	<u>208,608</u>
<b>TOTAL NON-MAJOR FEDERAL AWARDS</b>		<u>225,789</u>	<u>208,608</u>
<b>TOTAL FEDERAL AWARDS</b>		<u>\$ 14,231,903</u>	<u>\$ 1,545,783</u>

YOLO COUNTY TRANSPORTATION DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Yolo County Transportation District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Auditing of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.