

YOLO COUNTY TRANSPORTATION DISTRICT

Audited Financial Statements
and Compliance Reports

June 30, 2015 and 2014

YOLO COUNTY TRANSPORTATION DISTRICT

Audited Financial Statements
and Compliance Reports

June 30, 2015 and 2014

Audited Financial Statements

Independent Auditor’s Report 1
Management’s Discussion and Analysis 4

Basic Financial Statements

Balance Sheets 11
Statements of Revenues, Expenses and Changes in Net Position 12
Statements of Cash Flows 13
Notes to Financial Statements 14

Required Supplementary Information

Schedule of Funding Progress of the Other Postemployment Benefits Plan (Unaudited) 31
Schedule of the Proportionate Share of the Net Pension Liability and Schedule of
Contributions to the Pension Plan – Miscellaneous Plan (Unaudited) 32

Supplementary Information

Combining Balance Sheet 33
Combining Schedule of Revenues, Expenses and Changes in Net Position 35
Combining Schedule of Cash Flows 37

Compliance Reports

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 39
Independent Auditor’s Report on Compliance for Each Major Federal Program and
Report on Internal Control over Compliance Required by OMB Circular A-133 41
Schedule of Findings and Questioned Costs 43
Schedule of Expenditures of Federal Awards 46
Notes to Schedule of Expenditures of Federal Awards 47



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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, 2015 and 2014, 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.

Basis for Qualified Opinion

As described in Note O and in the Emphasis-of-Matter paragraph below, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. CalPERS did not provide the information necessary to record the pension liability, deferred outflows of resources and deferred inflows of resources as of July 1, 2013 or the changes in these amounts as pension expense during the year ended June 30, 2014. Consequently, the net pension liability, deferred inflows of resources and deferred outflows of resources as of July 1, 2013 and pension expense for the year ended June 30, 2014 were not restated as is necessary to report these balances in accordance with general accepted accounting principles.

To the Board of Directors
Yolo County Transportation District

Qualified Opinion

In our opinion, except for the matter described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2015 and 2014, 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.

Emphasis-of-Matter

As discussed in Note O to the basic financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the year ended June 30, 2015. Due to the implementation of these Statements, the District recognized deferred outflows of resources and a pension liability for its cost-sharing pension plans as of July 1, 2013. Our opinion is not modified with respect to this matter.

Other Matters

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.

To the Board of Directors
Yolo County Transportation District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2016 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 16, 2016

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2015 and 2014

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, 2015 and 2014. 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 and deferred outflows of resources exceed total liabilities and deferred inflows of resources, declined by approximately \$1.1 million, from \$25.6 million, as restated, at June 30, 2014 to \$24.5 million at June 30, 2015.
- Year-end total net position of \$24.5 million was broken down between \$14.3 million net investment in capital assets, \$3.2 million in restricted capital and \$7 million designated as unrestricted.
- For every dollar in current liabilities, the District holds \$16.8 in total assets, down from \$26.1 as of year-end 2014.
- Operating revenues decreased during FY 2014/15. This is primarily due to a decrease in ridership.
- Operating expenses increased 2.2% during FY 2014/15 to \$14.1 million. The slight increase in expenses is primarily due to Purchased Transportation.

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, 2015 and 2014

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 deferred outflows of resources, compared to liabilities and deferred inflows of resources, 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, 2015 and 2014

Analysis of Overall Financial Position and Results of Operations

	June 30, 2015	June 30, 2014	Increase (Decrease) from 2014 to 2015	June 30, 2013	Increase (Decrease) from 2013 to 2014
Current Assets	\$ 10,316,745	\$ 8,882,786	\$ 1,433,959	\$ 9,027,332	\$ (144,546)
Restricted Cash and Investments	2,205,576	2,215,708	(10,132)	2,050,620	165,088
Other Post Employment Benefits	49,764	52,831	(3,067)		52,831
Capital Assets, Net	14,346,122	16,295,826	(1,949,704)	18,605,144	(2,309,318)
TOTAL ASSETS	<u>26,918,207</u>	<u>27,447,151</u>	<u>(528,944)</u>	<u>29,683,096</u>	<u>(2,235,945)</u>
Deferred Outflows of Resources	170,614	116,414	54,200		116,414
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 27,088,821</u>	<u>\$ 27,563,565</u>	<u>\$ (474,744)</u>	<u>\$ 29,683,096</u>	<u>\$ (2,119,531)</u>
Current Liabilities	\$ 1,605,178	\$ 1,052,440	\$ 552,738	\$ 1,100,006	\$ (47,566)
Non-Current Liabilities	795,007	954,734	(159,727)	52,035	902,699
TOTAL LIABILITES	<u>2,400,185</u>	<u>2,007,174</u>	<u>393,011</u>	<u>1,152,041</u>	<u>855,133</u>
Deferred Inflows of Resources	191,946		191,946		
Net Position					
Net Investment in Capital Assets	14,346,122	16,295,826	(1,949,704)	18,605,144	(2,309,318)
Restricted for Equipment Replacement	2,205,576	2,215,708	(10,132)	2,050,620	165,088
Restricted for Capital Purposes	988,044	918,272	69,772	500,577	417,695
Unrestricted	6,956,948	6,126,585	830,363	7,374,714	(1,248,129)
TOTAL NET POSITION	<u>24,496,690</u>	<u>25,556,391</u>	<u>(1,059,701)</u>	<u>28,531,055</u>	<u>(2,974,664)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 27,088,821</u>	<u>\$ 27,563,565</u>	<u>\$ (474,744)</u>	<u>\$ 29,683,096</u>	<u>\$ (2,119,531)</u>

Note: The amounts for the year ended June 30, 2013 were not restated as part of GASB 68 implementation because CalPERS did not provide the information necessary to restate these years.

District's Assets

Total assets decreased approximately \$.5 million to \$26.9 million at June 30, 2015 from the prior year. Total assets decreased approximately \$2.2 million to \$27.4 million at June 30, 2014. The decrease in total assets has been primarily due to depreciation of capital assets. There was a \$500,000 investment in fixed assets in 2014/15 for the purchase of upgraded wheelchair tie-down systems. There were no significant fixed asset purchases during the two previous years.

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2015 and 2014

District's Liabilities

The increase of current liabilities at June 30, 2015 was a combination of Accounts Payable and Unearned Revenue.

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

The decrease of non-current liabilities, as restated, during the three year period ending June 30, 2015, was the buy down of other post-employment benefits and decrease in the District's employee pension plan liability. Non-current liabilities include a pension liability for the first time this year due to the implementation of GASB Statement No. 68. The District's pension liability was \$.8 million at June 30, 2014 and \$1.0 million at June 30, 2015. The District also reported deferred outflows of resources primarily for pension contributions after the pension plan valuation measurement date and deferred inflows of resources primarily for the difference between projected and actual pension plan investment earnings due to the implementation of GASB Statement No. 68. See Note H for more information about the District's pension plan and Note O for a discussion of the effects of the restatement to implement GASB Statement No. 68.

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis
June 30, 2015 and 2014

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 2014/15, 2013/14, and 2012/13 is as follows:

	Year ending June 30, 2015	Year ending June 30, 2014	Increase (Decrease) from 2014 to 2015	Year ending June 30, 2013	Increase (Decrease) from 2013 to 2014
Operating Revenues	\$ 2,478,486	\$ 2,645,912	\$ (167,426)	\$ 2,591,587	\$ 54,325
Operating Expenses	14,084,699	13,768,532	316,167	14,029,923	(261,391)
Net Loss From Operations	<u>(11,606,213)</u>	<u>(11,122,620)</u>	<u>(483,593)</u>	<u>(11,438,336)</u>	<u>315,716</u>
NONOPERATING REVENUES (EXPENSES)					
Local Transportation Fund and State Transit Assistance Allocation	4,899,386	4,999,161	(99,775)	4,996,757	2,404
Federal Transit Administration grants:					
Operating Grants	2,647,278	1,465,393	1,181,885	2,027,266	(561,873)
State Grants	11,771	15,360	(3,589)	7,674	7,686
Mitigation Revenue	1,418,716	1,357,073	61,643	1,230,789	126,284
Miscellaneous Revenues	512,865	351,098	161,767	259,575	91,523
Madison Bus Stop Grants		504,130	(504,130)		
Auxiliary Transportation	430,963	281,653	149,310	147,396	134,257
Interest Revenue	24,062	30,820	(6,758)	26,306	4,514
Madison Bus Stop Expenses	(71,789)	(602,890)	531,101		
Pass-through to Other Agencies	(20,000)	(25,000)	5,000	(150,000)	125,000
Loss on Disposal of Capital Assets				(330)	330
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>9,853,252</u>	<u>8,376,798</u>	<u>1,476,454</u>	<u>8,545,433</u>	<u>(69,875)</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>693,260</u>	<u>559,461</u>	<u>133,799</u>	<u>1,101,419</u>	<u>(541,958)</u>
CHANGES IN NET POSITION	<u>(1,059,701)</u>	<u>(2,186,361)</u>	<u>1,126,660</u>	<u>(1,791,484)</u>	<u>(296,117)</u>
Net Position at Beginning of Year, as previously reported	25,556,391	28,531,055	(2,974,664)	30,322,539	(1,791,484)
Restatement		(788,303)	788,303		
Net Position at Beginning of Year, as restated	<u>25,556,391</u>	<u>27,742,752</u>	<u>(2,186,361)</u>	<u>30,322,539</u>	<u>(1,791,484)</u>
NET POSITION AT END OF YEAR	<u>\$24,496,690</u>	<u>\$25,556,391</u>	<u>\$(1,059,701)</u>	<u>\$ 28,531,055</u>	<u>\$(2,087,601)</u>

Note: The amounts for the year ended June 30, 2013 were not restated as part of GASB 68 implementation because CalPERS did not provide the information necessary to restate these years.

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 has declined from FY 2013/14. This is primarily due to a decrease in ridership.

YOLO COUNTY TRANSPORTATION DISTRICT

Management’s Discussion and Analysis
June 30, 2015 and 2014

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 operating expenses. The slight increase in expenses for FY 2014/15 is primarily due to Purchased Transportation.

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.

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 2014/15 there was a slight increase in funding due to the purchase of wheelchair tie-down systems.

Capital Assets

	June 30, 2015	June 30, 2014	Increase (Decrease) from 2014 to 2015	June 30, 2013	Increase (Decrease) from 2013 to 2014
Capital assets, not being depreciated					
Land	\$ 465,000	\$ 465,000		\$ 465,000	
Total capital assets, not being depreciated	465,000	465,000		465,000	
Capital assets, being depreciated					
Equipment & Transit Vehicles	28,683,749	28,148,979	\$ 534,770	27,886,867	\$ 262,112
Building and improvements	10,815,205	10,768,739	46,466	10,700,582	68,157
Total capital assets, being depreciated	39,498,954	38,917,718	581,236	38,587,449	330,269
Less accumulated depreciation for:					
Equipment & Transit Vehicles	(21,758,127)	(19,802,833)	(1,955,294)	(17,688,315)	(2,114,518)
Building and improvements	(3,859,705)	(3,284,059)	(575,646)	(2,758,990)	(525,069)
Total accumulated depreciation	(25,617,832)	(23,086,892)	(2,530,940)	(20,447,305)	(2,639,587)
Total capital assets being depreciated, net	13,881,122	15,830,826	(1,949,704)	18,140,144	(2,309,318)
Capital assets, net	<u>\$ 14,346,122</u>	<u>\$ 16,295,826</u>	<u>\$ (1,949,704)</u>	<u>\$ 18,605,144</u>	<u>\$ (2,309,318)</u>

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2015 and 2014

At the close of FY 2014/15, the District's net investment in capital assets decreased \$2 million to \$14.3 million, from \$16.3 million at the end of FY 2013/14. 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 each fiscal year. There was a \$500,000 investment in fixed assets in 2014/15 for the purchase of upgraded wheelchair tie-down systems. There were no significant fixed asset purchases during the two previous years. See note E for more information about capital assets (GASB says to refer to footnote here)

Economic Factors and the Future

General economic conditions are expected to continue to improve during 2016. Our ridership has declined during 2014/15 compared to the previous year. This may continue to affect our fare revenue.

Fiscal year 2015/16 overall operating and planning expenses, for fixed route are up 6.56% or \$890,035, compared to the 2014/2015 budget, due to previously agreed to contract rate changes with Transdev, increases in paratransit revenue hours and accounting for \$440,907 in costs associated with the distribution of CNG to outside users. 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.

YOLO COUNTY TRANSPORTATION DISTRICT

BALANCE SHEETS

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 6,587,666	\$ 6,431,945
Due from Other Governments	3,610,678	1,649,658
Accounts Receivable	118,401	801,183
TOTAL CURRENT ASSETS	<u>10,316,745</u>	<u>8,882,786</u>
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents:		
Capital Reserves	1,640,347	1,652,204
PTMISEA	179,144	178,597
Governor's Office of Homeland Security	386,085	384,907
Total Restricted Assets	<u>2,205,576</u>	<u>2,215,708</u>
Other Postemployment Benefits	49,764	52,831
Capital Assets:		
Nondepreciable	465,000	465,000
Depreciable, Net	13,881,122	15,830,826
Total Capital Assets, Net	<u>14,346,122</u>	<u>16,295,826</u>
TOTAL NONCURRENT ASSETS	<u>16,601,462</u>	<u>18,564,365</u>
TOTAL ASSETS	<u>26,918,207</u>	<u>27,447,151</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	170,614	116,414
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 27,088,821</u>	<u>\$ 27,563,565</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,345,850	\$ 842,479
Accrued Wages	45,968	34,481
Due to Other Governments	101,711	129,768
Unearned Revenue	70,474	
Accrued Compensated Absences	41,175	45,712
TOTAL CURRENT LIABILITIES	<u>1,605,178</u>	<u>1,052,440</u>
NONCURRENT LIABILITIES		
Accrued Compensated Absences	28,648	17,325
Net Pension Liability	766,359	937,409
TOTAL NONCURRENT LIABILITIES	<u>795,007</u>	<u>954,734</u>
TOTAL LIABILITIES	<u>2,400,185</u>	<u>2,007,174</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	191,946	
NET POSITION		
Net Investment in Capital Assets	14,346,122	16,295,826
Restricted for Equipment Replacement	2,205,576	2,215,708
Restricted for Capital Purposes	988,044	918,272
Unrestricted	6,956,948	6,126,585
TOTAL NET POSITION	<u>24,496,690</u>	<u>25,556,391</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 27,088,821</u>	<u>\$ 27,563,565</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, 2015 and 2014

	2015	2014
OPERATING REVENUE		
Passenger Fares	\$ 2,421,948	\$ 2,582,076
Special Fares	56,538	63,836
TOTAL OPERATING REVENUE	2,478,486	2,645,912
OPERATING EXPENSES		
Purchased Transportation	8,260,191	7,794,281
Salaries & Benefits	1,027,132	1,013,892
Insurance	476,330	560,619
Vehicle Fuel	1,198,806	1,176,572
Other Services & Supplies	591,300	583,582
Depreciation	2,530,940	2,639,586
TOTAL OPERATING EXPENSES	14,084,699	13,768,532
NET LOSS FROM OPERATIONS	(11,606,213)	(11,122,620)
NONOPERATING REVENUES (EXPENSES)		
Local Transportation Fund and State Transit Assistance Allocation	4,899,386	4,999,161
Federal Transit Administration Grants:		
Operating Grants	2,647,278	1,465,393
Mitigation Revenue - Tribe	1,418,716	1,357,073
Madison Bus Stop Grants		504,130
Miscellaneous Revenues	512,865	351,098
Auxiliary Transportation	430,963	281,653
Interest Revenue	24,062	30,820
State Grants	11,771	15,360
Madison Bus Stop Expenses	(71,789)	(602,890)
Pass-through to Other Governments	(20,000)	(25,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	9,853,252	8,376,798
NET (LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS	(1,752,961)	(2,745,822)
CAPITAL CONTRIBUTIONS		
State Proposition 1B Grant	479,767	
Local Transportation Fund, State Transit Assistance Allocation and Other Capital Revenue	140,588	479,071
Federal Transit Administration Grant	72,905	80,390
TOTAL CAPITAL CONTRIBUTIONS	693,260	559,461
CHANGES IN NET POSITION	(1,059,701)	(2,186,361)
Net Position at Beginning of Year, as Previously Reported	25,556,391	28,531,055
Restatement		(788,303)
Net Position at Beginning of Year, as Restated	25,556,391	27,742,752
NET POSITION AT END OF YEAR	\$ 24,496,690	\$25,556,391

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts From Customers	\$ 2,205,626	\$ 2,539,927
Cash Paid to Suppliers for Goods and Services	(9,950,388)	(10,015,455)
Cash Paid to Employees for Services	(1,140,021)	(1,193,975)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(8,884,783)</u>	<u>(8,669,503)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Grants and Subsidies	8,178,763	7,925,135
Nonoperating Expenses Paid	(71,789)	(602,890)
Pass-through Payments	(20,000)	(25,000)
Other Income	943,828	1,136,881
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>9,030,802</u>	<u>8,434,126</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
RELATED FINANCING ACTIVITIES		
Capital Contributions Received	556,744	346,435
Acquisition of Capital Assets	(581,236)	(330,268)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(24,492)</u>	<u>16,167</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Pooled Investments	24,062	30,820
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>24,062</u>	<u>30,820</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	145,589	(188,390)
Cash and Cash Equivalents at Beginning of Year	<u>8,647,653</u>	<u>8,836,043</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,793,242</u>	<u>\$ 8,647,653</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET		
Cash and Cash Equivalents	\$ 6,587,666	\$ 6,431,945
Restricted Cash and Cash Equivalents	<u>2,205,576</u>	<u>2,215,708</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,793,242</u>	<u>\$ 8,647,653</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Net Loss From Operations	\$(11,606,213)	\$(11,122,620)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:		
Depreciation	2,530,940	2,639,586
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
Accounts Receivable and Due from Other Governments	(343,334)	(105,985)
Prepaid Expenses		21,931
Deferred Outflows/Inflows of Resources - Pensions	(33,304)	32,692
Accounts Payable and Due to Other Governments	475,314	(18,607)
Accrued Wages	11,487	(12,454)
Unearned Revenue	70,474	
Other Postemployment Benefits	3,067	(93,812)
Accrued Compensated Absences	6,786	(10,234)
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (8,884,783)</u>	<u>\$ (8,669,503)</u>

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

YOLO COUNTY TRANSPORTATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

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 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, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the 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, 2015 and 2014

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 County of Yolo 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.

Deferred Inflows and Outflows of Resources: In addition to assets and liabilities, the balance sheet will sometimes report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the City's pension plans under GASB 68 as described in Note H.

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.

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.

Pensions: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015 and 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

New Pronouncements: In February 2015, the GASB approved Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements and will require additional disclosures about assets and liabilities measured at fair value. This Statement is effective for periods beginning after June 15, 2015.

In June 2015, the GASB issued Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*,” replaces the requirements of GASB Statement No. 45 and requires governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specific criteria to report a net OPEB liability, which is the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments, on the face of the financial statements. Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. This Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. This Statement is effective for periods beginning after June 15, 2017.

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

NOTE B – CASH AND CASH EQUIVALENTS

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

	2015	2014
Cash and investments	\$ 6,587,666	\$ 6,431,945
Restricted cash and equivalents	2,205,576	2,215,708
Total cash and investments	\$ 8,793,242	\$ 8,647,653

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

	2015	2014
Cash on hand	\$ 400	\$ 400
Deposits with financial institutions	357,089	356,890
Investment in Yolo County Pooled Investment Fund	8,435,753	8,290,363
Total cash and investments	\$ 8,793,242	\$ 8,647,653

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015 and 2014

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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.

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, 2015 and 2014, the weighted average maturity of the investments contained in the County of Yolo investment pool was approximately 395 and 1,469 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).

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015 and 2014

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

At June 30, 2015 and 2014, the carrying amount of the District’s deposits was \$357,089 and \$356,890 and the balance in financial institutions was \$352,946 and \$346,756, 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.

Investment in the County of Yolo Investment Pool: The District’s cash and cash equivalents 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 AND CASH EQUIVALENTS

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

	2015	2014
Capital reserves	\$ 1,640,347	\$ 1,652,204
PTMISEA	179,144	178,597
Governor's Office of Homeland Security	386,085	384,907
Total restricted cash and cash equivalents	\$ 2,205,576	\$ 2,215,708

Capital Reserves: For the fiscal years ended June 30, 2015 and 2014, the District accumulated \$1,640,347 and \$1,652,204 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.

The District received \$178,000 for the purchase of paratransit vehicles during the year ended June 30, 2013. The District did not incur any qualifying expenses since the funds were received and holds \$179,144 (including interest earned) that is restricted for the purchase of paratransit vehicles that expected to occur during the year ended June 30, 2016. 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:

	2015	2014
Unexpended proceeds, beginning of year	\$ 178,597	\$ 178,021
Interest earnings	547	576
Unexpended proceeds	\$ 179,144	\$ 178,597

The district has been allocated an additional \$2.6 million in PTMISEA funds for bus replacements that has not been received as of June 30, 2015.

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015 and 2014

NOTE C – RESTRICTED CASH AND CASH EQUIVALENTS (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, 2015, 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, including accrued interest, are restricted for bus shelter and bus stop improvements in future years. 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:

	2015	2014
Unexpended proceeds, beginning of year	\$ 384,907	\$ 225,723
Governor's Office of Homeland Security received		190,554
Interest earnings	1,179	728
Expenses incurred:		
Installation of emergency generator		(32,098)
Unexpended proceeds, end of year	\$ 386,085	\$ 384,907

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015 and 2014

NOTE D – DUE FROM OTHER AGENCIES

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

	2015	2014
Federal Transit Administration grants	\$ 1,794,653	\$ 646,068
State Transit Assistance Fund	568,041	427,453
SACOG - New Freedom, JARC and Prop 1B	683,419	223,945
Internal Revenue Service - fuel tax rebate	484,641	
Other	79,924	50,723
City of West Sacramento		144,270
Sacramento Regional Transit District		106,503
California Department of Transportation		50,696
	\$ 3,610,678	\$ 1,649,658

NOTE E – CAPITAL ASSETS

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

	Balance July 1, 2014	Additions	Transfers/ Adjustments	Balance June 30, 2015
Fixed Route Service				
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	27,407,344	\$ 534,770		27,942,114
Buildings and improvements	10,768,739	46,466		10,815,205
Total capital assets, being depreciated	38,176,083	581,236		38,757,319
Less accumulated depreciation for:				
Equipment and transit vehicles	(19,096,429)	(1,937,678)		(21,034,107)
Buildings and improvements	(3,284,059)	(575,646)		(3,859,705)
Total accumulated depreciation	(22,380,488)	(2,513,324)		(24,893,812)
Total capital assets being depreciated, net	15,795,595	(1,932,088)		13,863,507
Capital assets, net	\$ 16,260,595	\$ (1,932,088)	\$ -	\$ 14,328,507
ADA Paratransit Service				
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	(706,404)	\$ (17,616)		(724,020)
Total accumulated depreciation	(706,404)	(17,616)		(724,020)
Capital assets, net	\$ 35,231	\$ (17,616)	\$ -	\$ 17,615
Combined capital assets, net	\$ 16,295,826	\$ (1,949,704)	\$ -	\$ 14,346,122

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015 and 2014

NOTE E – CAPITAL ASSETS (Continued)

Fixed Route Service	Balance July 1, 2013	Additions	Transfers/ Adjustments	Retirements	Balance June 30, 2014
Capital assets, not being depreciated					
Land	\$ 465,000				\$ 465,000
Work in progress					
Total capital assets, not being	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
ADA Paratransit Service					
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

NOTE F – LONG-TERM LIABILITIES

Long-term liability activity, excluding the pension liability reported in Note H, for the years ended June 30 consisted of the following:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Due within one year
Compensated absences	\$ 63,047	\$ 43,949	\$ (37,173)	\$ 69,823	\$ 41,175
	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014	Due within one year
Compensated absences	\$ 73,281	\$ 42,900	\$ (53,134)	\$ 63,047	\$ 45,712

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015 and 2014

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, 2015 and 13.50% for year ending June 30, 2014, 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:

	2015	2014
Fare revenues	\$ 2,478,486	\$ 2,645,912
Operating expenses	\$ 14,084,699	\$ 13,642,496
Less allowable exclusions:		
Depreciation	(2,530,940)	(2,639,586)
Net operating expenses	\$ 11,553,759	\$ 11,002,910
Fare revenue ratio	21.45%	24.05%

NOTE H – PENSION PLANS

Plan Descriptions: All qualified permanent and probationary employees are eligible to participate in the District’s cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). The Board has the following cost-sharing Plans:

- Miscellaneous Plan
- PEPRA Miscellaneous Plan

The PEPRA Miscellaneous Plan had no participants as of the valuation date, so no pension liability is reported for the PEPRA Miscellaneous Plan. Benefit provisions under the Plans are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015 and 2014

NOTE H – PENSION PLANS (Continued)

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Plan (On or after January 1, 2013)
Hire date	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.000%	6.250%
Required employer contribution rates	19.688%	6.250%

The Miscellaneous Plan is closed to new members that are not already CalPERS eligible participants.

Contributions: Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense (i.e. reported by CalPERS for the year ended June 30, 2015) by each of the Plans were as follows:

	Miscellaneous Plan	PEPRA Miscellaneous Plan
Contributions - employer	\$ 124,092	\$ -

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2015, the District reported a net pension liability for its proportionate share of the net pension liability of the Plans as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous Plan	<u>\$ 766,359</u>
Total Net Pension Liability	<u><u>\$ 766,359</u></u>

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015 and 2014

NOTE H – PENSION PLANS (Continued)

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plans as of June 30, 2013 and 2014 was as follows:

	Miscellaneous Plan
Proportion - June 30, 2013	0.02861%
Proportion - June 30, 2014	0.03101%
Change - Increase (Decrease)	0.0024%

For the year ended June 30, 2015, the District had pension expense of \$100,925 for all Plans combined. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 134,229	
Differences between actual and expected experience		
Changes in assumptions		
Differences between the employer's contributions and the employer's proportionate share of contributions	36,385	
Change in employer's proportion		\$ (21,671)
Net differences between projected and actual earnings on plan investments		(170,275)
Total	\$ 170,614	\$ (191,946)

The \$134,229 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30		
2016	\$	(37,314)
2017		(37,314)
2018		(38,366)
2019		(42,567)
	\$	(155,561)

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015 and 2014

NOTE H – PENSION PLANS (Continued)

Actuarial Assumptions: The total pension liabilities in the June 30, 2013 actuarial valuations for each of the Plans were determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPERS Membership Data for all Funds

(1) Depending on entry age and service

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term,

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015 and 2014

NOTE H – PENSION PLANS (Continued)

the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class for each of the Plans. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(0.55)%	(1.05)%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous Plan
1% Decrease	6.50%
Net Pension Liability	\$ 1,196,889
Current Discount Rate	7.50%
Net Pension Liability	\$ 766,359
1% Increase	8.50%
Net Pension Liability	\$ 409,059

Pension Plans Fiduciary Net Position: Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plans: At June 30, 2015, the District reported a payable for the outstanding amount of contributions to the Miscellaneous Plan of \$9,600.

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015 and 2014

NOTE I – OTHER POSTEMPLOYMENT 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.

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 participants and the District are established by and may be amended by the District pursuant to agreements with its employees. The District contributed \$21,668 and \$17,260 during the years ended June 30, 2015 and 2014, respectively, on a pay-as-you go basis for current benefit payments in addition to a \$100,000 payment against the annual required contribution made in 2014. Retired plan members and their beneficiaries pay the annual premium cost not paid by the District. The District joined the 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 \$24,735 and \$23,448 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014, the amount actually contributed to the Plan, and changes in the District’s Net OPEB obligation:

	2015	2014
Annual required contribution	\$ 23,686	\$ 24,261
Interest on net OPEB obligation	(3,830)	2,971
Adjustment to annual required contribution	4,879	(3,784)
Annual OPEB cost (expense)	24,735	23,448
Contribution made:		
Benefit Payments	(21,668)	(17,260)
Trust Pre-Funding	(100,000)	(100,000)
Decrease in net OPEB obligation	3,067	(93,812)
Net OPEB obligation - beginning of year	(52,831)	40,981
Net OPEB (asset) obligation - end of year	\$ (49,764)	\$ (52,831)

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015 and 2014

NOTE I – OTHER POSTEMPLOYMENT 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)
6/30/2013	\$ 96,000	118.1%	\$ 40,981
6/30/2014	23,448	500.1%	(52,831)
6/30/2015	24,735	87.6%	(49,764)

Funded Status and Funding Progress: The funded status of the Plan as of June 30, 2013, which is the latest date available from the July 1, 2013 valuation, was as follows:

Actuarial accrued liability (AAL)	\$ 550,000
Actuarial value of Plan assets	418,000
Unfunded actuarial accrued liability (UAAL)	\$ 132,000
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 July 1, 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, 2015 and 2014

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 \$10,000,000 for liability and \$100,000 for vehicle physical damage for each occurrence. The District then has excess liability coverage for an additional \$15,000,000 for liability coverage and \$24,900,000 for vehicle physical damage for a total of \$25,000,000 for liability and \$25,000,000 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. 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 the contract and approved a five-year extension from July 30, 2013 through July 29, 2018. As of June 30, 2015, the remaining commitment payable to Transdev is an amount not to exceed \$24,204,389.

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 legal, 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 \$17,061 and \$5,669 for the years ended June 30, 2015 and 2014, respectively.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015 and 2014

NOTE N - SUBSEQUENT EVENT

In June 2014, the District entered into an agreement, along with several other participating agencies, for the joint procurement of paratransit shuttles for ADA service. The District purchased nine paratransit shuttles for total cost of \$1,113,367, including relating equipment and accessories during the year ended June 30, 2016.

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 fourteen additional buses over the next five years through the contractor. The District is expected to purchase the buses during the year ended June 30, 2016.

In June 2015, the District entered into a contract for the rehabilitation and re-tanking of seven 40-foot CNG buses for a total cost of \$2,254,209, including up to \$21,000 in change orders. The contract also allows for the rehabilitation of up to five Option Orion VII buses not to exceed \$317,805 per bus, with the exception of Option Buses authorized by the District between January 1, 2016 and December 31, 2016, in which case such Option Buses shall be subject a 3% increase per unit.

NOTE O – CHANGES IN ACCOUNTING PRINCIPLES

During the year ended June 30, 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. These Statements required the District to recognize the net pension liability, deferred outflows of resources and deferred inflows of resources for the District's pension plans. These Statements also required contributions made after the measurement date used in the actuarial valuation for the pension plans to be reported as deferred outflows of resources.

Due to the implementation of these Statements, a pension liability of \$914,339 and deferred outflows of resources of \$126,036 were recorded as of July 1, 2013, resulting in a decrease in net position as of July 1, 2013 of \$788,303. The implementation of these statements also resulted in an increase in pension expense of \$32,692 during the year ended June 30, 2014 compared to the amount previously reported.

CalPERS did not provide the information necessary to restate the deferred outflows and inflows of resources or the net pension liability as of July 1, 2013 in accordance with GASB Statement No. 68, which made the District unable to report these amounts or the pension expense for the year ended June 30, 2014 in accordance with generally accepted accounting principles (GAAP). The \$788,303 restatement of net position reported as of July 1, 2013 includes the \$914,339 pension liability with a valuation date of June 30, 2012 that was not prepared using methods that conform with GASB Statement No. 68 and the pension expense adjustment of \$32,692 for the year ended June 30, 2014 would have been a different amount if the July 1, 2013 balances were computed and reported in accordance with GASB Statement No. 68. These balances do not represent the amounts necessary to restate July 1, 2013 net position or pension expense for the year ended June 30, 2014 in accordance with GAAP. However, the balances reported as of July 1, 2014 and the balances as of and for the year ended June 30, 2015 are reported in accordance with GASB Statement No. 68 and, therefore, are reported in accordance with GAAP.

REQUIRED SUPPLEMENTARY INFORMATION

YOLO COUNTY TRANSPORTATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015

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.

YOLO COUNTY TRANSPORTATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years**

	<u>June 30, 2015</u>
Proportion of the Net Pension Liability	0.03101%
Proportionate Share of the Net Pension Liability	\$ 766,359
Covered - Employee Payroll	\$ 663,543
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	115.49%
Plan Fiduciary Net Position	\$ 10,639,461,174
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.39%

Notes to Schedule

Benefit Changes: There were no Changes to Benefit Terms.

Changes In Assumptions: None.

Omitted Years: GASB Statement No. 68 was Implemented During the year Ended June 30, 2015; Therefore, no Information was Available Prior to this Date.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years**

	<u>June 30, 2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 116,414
Contributions in Relation to the Actuarially Determined Contributions	(116,414)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered - Employee Payroll	\$ 663,543
Contributions as a Percentage of Covered - Employee Payroll	17.54%

Notes to Schedule:

Valuation Date: June 30, 2013

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Method	Entry Age Normal Cost Method
Amortization Method	Difference Between Projected and Actual Earnings is Amortized Straight-line Over 5 Years. All Other Amounts are Amortized Straight-line Over Average Remaining Service Life of Participants
Remaining Amortization Period	Not Stated
Asset Valuation Method	5-year Smoothed Market
Inflation	2.75%
Salary Increases	3.30% to 14.20% Depending on Entry Age and Service
Investment Rate Of Return	7.50%, Net of Administrative Expenses; Including Inflation.
Retirement Age	50-67 Years. Probabilities of Retirement are Based on the 2010 CalPERS Experience Study for the Period 1997 to 2007.
Mortality	CalPERS Specific Data from January 2014 Actuarial Experience Study for the Period 1997 to 2011 that Uses 20 Years of Mortality Improvements Using Society of Actuaries Scale BB.

Omitted Years: GASB Statement No. 68 was Implemented During the Year Ended June 30, 2015. No information was Available Prior to this Date.

SUPPLEMENTARY INFORMATION

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING BALANCE SHEET

June 30, 2015

	Fixed Route Service	ADA Paratransit Service	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 6,587,666		\$ 6,587,666
Due from Other Governments	3,283,081	\$ 327,597	3,610,678
Accounts Receivable	118,401		118,401
TOTAL CURRENT ASSETS	9,989,148	327,597	10,316,745
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents:			
Capital Reserves	1,582,531	57,816	1,640,347
PTMISEA	179,144		179,144
Governor's Office of Homeland Security	386,085		386,085
Total Restricted Assets	2,147,760	57,816	2,205,576
Other Postemployment Benefits	49,764		49,764
Capital Assets:			
Nondepreciable	465,000		465,000
Depreciable, Net	13,863,507	17,615	13,881,122
Total Capital Assets, Net	14,328,507	17,615	14,346,122
TOTAL NONCURRENT ASSETS	16,526,031	75,431	16,601,462
TOTAL ASSETS	26,515,179	403,028	26,918,207
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	170,614		170,614
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 26,685,793	\$ 403,028	\$ 27,088,821
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	\$ 1,235,483	\$ 110,367	\$ 1,345,850
Accrued Wages	45,968		45,968
Due to Other Governments	96,410	5,301	101,711
Unearned Revenue	70,474		70,474
Accrued Compensated Absences	41,175		41,175
TOTAL CURRENT LIABILITIES	1,489,510	115,668	1,605,178
NONCURRENT LIABILITIES			
Accrued Compensated Absences	28,648		28,648
Net Pension Liability	766,359		766,359
TOTAL NONCURRENT LIABILITIES	795,007		795,007
TOTAL LIABILITIES	2,284,517	115,668	2,400,185
DEFERRED INFLOWS OF RESOURCES			
Pensions	191,946		191,946
NET POSITION			
Net Investment in Capital Assets	14,328,507	17,615	14,346,122
Restricted for Equipment Replacement	2,147,760	57,816	2,205,576
Restricted for Capital Purposes	988,044		988,044
Unrestricted	6,745,019	211,929	6,956,948
TOTAL NET POSITION	24,209,330	287,360	24,496,690
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 26,685,793	\$ 403,028	\$ 27,088,821

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING BALANCE SHEET

June 30, 2014

	Fixed Route Service	ADA Paratransit Service	Total	Eliminating Entries	Total All Services
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 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
TOTAL CURRENT ASSETS	<u>8,706,040</u>	<u>281,583</u>	<u>8,987,623</u>	<u>(104,837)</u>	<u>8,882,786</u>
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents:					
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
Total Restricted Assets	<u>2,158,068</u>	<u>57,640</u>	<u>2,215,708</u>		<u>2,215,708</u>
Other Posemployment 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
Total Capital Assets, Net	<u>16,260,595</u>	<u>35,231</u>	<u>16,295,826</u>		<u>16,295,826</u>
TOTAL NONCURRENT ASSETS	<u>18,471,494</u>	<u>92,871</u>	<u>18,564,365</u>		<u>18,564,365</u>
TOTAL ASSETS	<u>27,177,534</u>	<u>374,454</u>	<u>27,551,988</u>	<u>(104,837)</u>	<u>27,447,151</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	116,414		116,414		116,414
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 27,293,948</u>	<u>\$ 374,454</u>	<u>\$ 27,668,402</u>	<u>\$ (104,837)</u>	<u>\$ 27,563,565</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
CURRENT LIABILITIES					
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
TOTAL CURRENT LIABILITIES	<u>948,733</u>	<u>208,544</u>	<u>1,157,277</u>	<u>(104,837)</u>	<u>1,052,440</u>
NONCURRENT LIABILITIES					
Accrued Compensated Absences	17,325		17,325		17,325
Net Pension Liability	937,409		937,409		937,409
TOTAL NONCURRENT LIABILITIES	<u>954,734</u>		<u>954,734</u>		<u>954,734</u>
TOTAL LIABILITIES	<u>1,903,467</u>	<u>208,544</u>	<u>2,112,011</u>	<u>(104,837)</u>	<u>2,007,174</u>
NET POSITION					
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	6,053,546	73,039	6,126,585		6,126,585
TOTAL NET POSITION	<u>25,390,481</u>	<u>165,910</u>	<u>25,556,391</u>		<u>25,556,391</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 27,293,948</u>	<u>\$ 374,454</u>	<u>\$ 27,668,402</u>	<u>\$ (104,837)</u>	<u>\$ 27,563,565</u>

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

For the Year Ended June 30, 2015

	Fixed Route Service	ADA Paratransit Service	Total
OPERATING REVENUE			
Passenger Fares	\$ 2,366,243	\$ 55,705	\$ 2,421,948
Special Fares	21,650	34,888	56,538
TOTAL OPERATING REVENUE	2,387,893	90,593	2,478,486
OPERATING EXPENSES			
Purchased Transportation	7,047,638	1,212,553	8,260,191
Salaries & Benefits	1,027,132		1,027,132
Insurance	422,236	54,094	476,330
Vehicle Fuel	1,077,903	120,903	1,198,806
Other Services & Supplies	591,300		591,300
Depreciation	2,513,324	17,616	2,530,940
TOTAL OPERATING EXPENSES	12,679,533	1,405,166	14,084,699
NET LOSS FROM OPERATIONS	(10,291,640)	(1,314,573)	(11,606,213)
NONOPERATING REVENUES (EXPENSES)			
Local Transportation Fund and State Transit Assistance Allocation	4,175,913	723,473	4,899,386
Federal Transit Administration Grants: Operating Grants	2,320,277	327,001	2,647,278
Mitigation Revenue - Tribe	1,418,716		1,418,716
Miscellaneous Revenues	512,865		512,865
Auxiliary Transportation	430,963		430,963
Interest Revenue	25,709	(1,647)	24,062
State Grants	11,771		11,771
Bus Stop Expenses	(71,789)		(71,789)
Pass-through to Other Governments	(20,000)		(20,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	8,804,425	1,048,827	9,853,252
NET (LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,487,215)	(265,746)	(1,752,961)
CAPITAL CONTRIBUTIONS AND TRANSFERS			
State Proposition 1B Grant	479,767		479,767
State Transit Assistance Allocation	140,588		140,588
Federal Transit Administration Grant	72,905		72,905
Transfers In (Out)	(387,196)	387,196	
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	306,064	387,196	693,260
CHANGES IN NET POSITION	(1,181,151)	121,450	(1,059,701)
Net Position at Beginning of Year	25,390,481	165,910	25,556,391
NET POSITION AT END OF YEAR	\$ 24,209,330	\$ 287,360	\$ 24,496,690

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

For the Year Ended June 30, 2014

	Fixed Route Service	ADA Paratransit Service	Total
OPERATING REVENUE			
Passenger Fares	\$ 2,535,030	\$ 47,046	\$ 2,582,076
Special Fares	20,751	43,085	63,836
TOTAL OPERATING REVENUE	2,555,781	90,131	2,645,912
OPERATING EXPENSES			
Purchased Transportation	6,715,787	1,078,494	7,794,281
Salaries & Benefits	1,013,892		1,013,892
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
TOTAL OPERATING EXPENSES	12,467,454	1,301,078	13,768,532
NET LOSS FROM OPERATIONS	(9,911,673)	(1,210,947)	(11,122,620)
NONOPERATING REVENUES (EXPENSES)			
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)
TOTAL NONOPERATING REVENUES (EXPENSES)	7,415,326	961,472	8,376,798
NET (LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(2,496,347)	(249,475)	(2,745,822)
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Local Transportation Fund, State Transit Assistance Allocation and Other Capital Revenue			
	479,071		479,071
Federal Transit Administration Grant	80,390		80,390
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	559,461		559,461
CHANGES IN NET POSITION	(1,936,886)	(249,475)	(2,186,361)
Net Position at Beginning of Year, as Previously Reported	28,115,670	415,385	28,531,055
Restatement	(788,303)		(788,303)
Net Position at Beginning of Year, as Restated	<u>27,327,367</u>	<u>415,385</u>	<u>27,742,752</u>
NET POSITION AT END OF YEAR	<u>\$ 25,390,481</u>	<u>\$ 165,910</u>	<u>\$ 25,556,391</u>

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF CASH FLOWS

For the Year Ended June 30, 2015

	Fixed Route Service	ADA Paratransit Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts From Customers	\$ 2,112,864	\$ 92,762	\$ 2,205,626
Cash Paid to Suppliers for Goods and Services	(8,574,799)	(1,375,589)	(9,950,388)
Cash Paid to Employees for Services	(1,140,021)		(1,140,021)
NET CASH USED FOR OPERATING ACTIVITIES	(7,601,956)	(1,282,827)	(8,884,783)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants and Subsidies	7,176,472	1,002,291	8,178,763
Nonoperating Expenses Paid	(71,789)		(71,789)
Pass-through Payments	(20,000)		(20,000)
Other Income	943,828		943,828
Internal Receipts (Payments)	(282,359)	282,359	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	7,746,152	1,284,650	9,030,802
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions Received	556,744		556,744
Acquisition of Capital Assets	(581,236)		(581,236)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(24,492)		(24,492)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Pooled Investments	25,709	(1,647)	24,062
NET CASH PROVIDED BY INVESTING ACTIVITIES	25,709	(1,647)	24,062
DECREASE IN CASH AND CASH EQUIVALENTS	145,413	176	145,589
Cash and Cash Equivalents at Beginning of Year	8,590,013	57,640	8,647,653
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,735,426</u>	<u>\$ 57,816</u>	<u>\$ 8,793,242</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET			
Cash and Cash Equivalents	\$ 6,587,666		\$ 6,587,666
Restricted Cash and Cash Equivalents	2,147,760	\$ 57,816	2,205,576
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,735,426</u>	<u>\$ 57,816</u>	<u>\$ 8,793,242</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:			
Net Loss From Operations	\$ (10,291,640)	\$ (1,314,573)	\$ (11,606,213)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:			
Depreciation	2,513,324	17,616	2,530,940
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:			
Accounts Receivable and Due from Other Governments	(345,503)	2,169	(343,334)
Deferred Outflows/Inflows of Resources - Pensions	(33,304)		(33,304)
Accounts Payable and Due to Other Governments	463,353	11,961	475,314
Accrued Wages	11,487		11,487
Unearned Revenue	70,474		70,474
Other Postemployment Benefits	3,067		3,067
Accrued Compensated Absences	6,786		6,786
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (7,601,956)</u>	<u>\$ (1,282,827)</u>	<u>\$ (8,884,783)</u>

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF CASH FLOWS

For the Year Ended June 30, 2014

	Fixed Route Service	ADA Paratransit Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts From Customers	\$ 2,451,199	\$ 88,728	\$ 2,539,927
Cash Paid to Suppliers for Goods and Services	(8,771,813)	(1,243,642)	(10,015,455)
Cash Paid to Employees for Services	(1,193,975)		(1,193,975)
NET CASH USED FOR OPERATING ACTIVITIES	(7,514,589)	(1,154,914)	(8,669,503)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
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	7,405,480	1,028,646	8,434,126
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions Received	346,435		346,435
Acquisition of Capital Assets	(330,268)		(330,268)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	16,167		16,167
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Pooled Investments	28,923	1,897	30,820
NET CASH PROVIDED BY INVESTING ACTIVITIES	28,923	1,897	30,820
INCREASE (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	\$ 8,590,013	\$ 57,640	\$ 8,647,653
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET			
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	\$ 8,590,013	\$ 57,640	\$ 8,647,653
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:			
Net Loss From Operations	\$ (9,911,673)	\$ (1,210,947)	\$ (11,122,620)
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, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:			
Accounts Receivable and Due from Other Governments	(104,582)	(1,403)	(105,985)
Prepaid Expenses	21,931		21,931
Deferred Outflows/Inflows of Resources - Pensions	32,692		32,692
Accounts Payable and Due to Other Governments	(28,795)	10,188	(18,607)
Accrued Wages	(12,454)		(12,454)
Other Post-Employment Benefits	(93,812)		(93,812)
Accrued Compensated Absences	(10,234)		(10,234)
NET CASH USED FOR OPERATING ACTIVITIES	\$ (7,514,589)	\$ (1,154,914)	\$ (8,669,503)

COMPLIANCE REPORTS

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, 2015, 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 16, 2016.

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

To the Board of Directors
Yolo County Transportation District

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 appropriate expenditures of bond funds, as presented in Note C 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, the TDA or the PTMISEA that is reported in the accompanying schedule of findings and questioned costs as findings 2015-01.

Yolo County Transit District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 16, 2016



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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, 2015. 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, 2015.

To the Board of Directors
Yolo County Transportation District

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as finding 2015-01. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as finding 2015-01 that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 16, 2016

YOLO COUNTY TRANSPORTATION DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2015

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? | Yes |
| 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)? | Yes |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
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)
20.516	Job Access Reverse Commute Program
20.521	New Freedom Program

- | | |
|---|-----------|
| 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, 2015

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

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

Finding 2015-01 – Significant Deficiency – Compliance and Internal Control Over Compliance

Grants Programs:

- CFDA 20.507 U.S. Department of Transportation, Federal Transit Administration Direct Program, Federal Transit-Formula Grants, Section 5307, Grant No. CA-90-Y924.
- CFDA 20.516 U.S. Department of Transportation, Federal Transit Administration, Job Access and Reverse Commute Program, Section 5316, Passed-through the California State Transportation Agency, Department of Transportation, Grant No. 643625.
- CFDA 20.521 U.S. Department of Transportation, Federal Transit Administration, New Freedom Program, Section 5317, Passed-through the Sacramento Area Council of Governments, Grant No. CA-57-X072.

Compliance Requirement: Allowable Costs/Cost Principles

Criteria and Condition: The District allocates monthly costs incurred by its transit contractor TransDev as well as insurance and fuel to individual routes and times of the day on certain routes that are reimbursed by individual grants using service hours and/or service miles. Certain errors were made in computing the allocation percentages used to allocate allowable fixed monthly costs, insurance and fuel to three grant programs as follows:

- CFDA 20.507, Grant No. CA-90-Y924 – This grant is used to fund evening, weekend and holiday services on Route 42. The eligible evening, weekend and holiday service hours for Route 42 were inadvertently divided by an incorrect allocation base (total Route 42 service hours rather than service hours for all District routes) when allocating contractor fixed monthly costs to the program, overstating the reimbursable costs.
- CFDA 20.516, Grant No. 643625 – This grant is used to fund evening, weekend and holiday service and additional trips during non-standard commute times on Route 42. Gross miles were not updated in the allocation of insurance and fuel to the route and incorrect fare revenues were inadvertently removed from eligible costs, overstating the reimbursable costs.
- CFDA 20.521, Grant No. CA-57-X-72 – This grant provides ADA services to and from medical appointments beyond the District’s ADA required area, including Sacramento and Vacaville. The eligible contractor fixed costs and fuel were allocated using incorrect allocation percentages due to a formula error, overstating the reimbursable costs.

Cause: Certain percentages used to allocate costs in the calculation worksheets were not updated for the activity during the reporting period or formula errors were made and there was no evidence of review of the allocation worksheets by another employee, which may have identified the errors in the calculations.

Effect: Questioned costs of \$11,641 for CFDA 20.507, \$11,722 for CFDA 20.516 and \$12,739 for CFDA 20.521 were claimed under the grants as a result of submitting reimbursement requests using the incorrect allocation percentages. The questioned costs need to be returned to the grantor or adjusted in a future reimbursement request.

YOLO COUNTY TRANSPORTATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

Finding 2015-01 – Significant Deficiency – Compliance and Internal Control Over Compliance (Continued)

Recommendation: We recommend the District implement additional review procedures over the allocation worksheets by having a second person reconcile the information used in the allocation worksheets with the supporting data and review the allocations for propriety on a quarterly basis prior to submitting reimbursement requests.

View of Responsible Official and Planned Corrective Action:

Name of Contact Person: Janice Phillips, Deputy Director

The District agrees with the finding and has adjusted the calculation worksheets to include the most accurate data. New review procedures will be implemented by March 31, 2016 whereby a second District employee will agree information used in the allocation worksheets to supporting documentation and will review the calculations prior to submitting claims. The District has already contacted the grantors and is working with the grantors to repay the questioned costs or adjust future reimbursement requests as requested by the grantors.

D. PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

None

E. PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

YOLO COUNTY TRANSPORTATION DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor, if applicable/ Program Title/Grant or Pass-through Number	Federal CFDA Number	Program or Award Amount	Expenditures
MAJOR FEDERAL AWARDS:			
<u>U.S. Department of Transportation, Federal Transit Administration - Direct</u>			
Federal Transit-Capital Investment Grants, Section 5309			
CA-04-0179	20.500	\$ 222,400	\$ 35,733
Federal Transit-Formula Grants, Section 5307			
CA-90-Y585	20.507	1,313,000	37,172
CA-90-Y854	20.507	6,630,693	968,059
CA-95-X126	20.507	189,000	23,239
CA-90-Y924	20.507	510,000	138,359
CA-90-Z253	20.507	1,916,535	1,023,698
		<u>13,783,573</u>	<u>2,190,527</u>
TOTAL FEDERAL TRANSIT CLUSTER		14,005,973	<u>2,226,260</u>
<u>U.S. Department of Transportation, Federal Transit Administration</u>			
Job Access and Reverse Commute Program, Section 5316			
Passed-through the Sacramento Area Council of Governments			
CA-39-X200	20.516	95,000	95,000
Passed-through the California State Transportation Agency, Department of Transportation			
643625	20.516	150,000	138,278
		<u>245,000</u>	<u>233,278</u>
New Freedom Program, Section 5317			
Passed-through the Sacramento Area Council of Governments			
CA-57-X072	20.521	120,000	96,001
TOTAL TRANSIT SERVICES PROGRAM CLUSTER		<u>365,000</u>	<u>329,279</u>
TOTAL MAJOR FEDERAL AWARDS		14,370,973	<u>2,555,539</u>
NON-MAJOR FEDERAL AWARDS:			
<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, Section 5311			
6414181	20.509	164,644	164,644
TOTAL NON-MAJOR FEDERAL AWARDS		<u>164,644</u>	<u>164,644</u>
TOTAL FEDERAL AWARDS		<u>\$ 14,535,617</u>	<u>\$ 2,720,183</u>

YOLO COUNTY TRANSPORTATION DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Yolo County Transportation District (the District) as disclosed in the notes to the basic financial statements. Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the 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.