

YOLO COUNTY TRANSPORTATION DISTRICT

Audited Financial Statements
and Compliance Reports

June 30, 2023

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YOLO COUNTY TRANSPORTATION DISTRICT

Audited Financial Statements
and Compliance Reports

June 30, 2023 and 2022

Audited Financial Statements

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Yolo County Transportation District (the District) and its fiduciary fund as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District and its fiduciary fund as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting

To the Board of Directors
Yolo County Transportation District

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions to the pension plan, schedule of changes in the net OPEB liability and related ratios and schedule of contributions to the OPEB Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying supplementary information, as listed in the table of contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 is 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 March 25, 2024 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, the Transportation Development Act and other state program 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Richardson & Company, LLP

March 25, 2024

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2023 and 2022

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, 2023 and 2022. 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 February, 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. A micro-transit demonstration pilot for the community of Winters was launched in April, 2020, and in Knight's Landing in January, 2021. Transit services are provided under contract with Transdev Services, Inc., which is in effect through July 31, 2025.

Financial Highlights

- Total net position, the level by which total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources, increased by approximately \$0.2 million, to \$31.3 million at June 30, 2023 versus \$31.1 million at June 30, 2022, primarily due to a positive change in net position of \$0.2 million.
- June 30, 2023 total net position of \$31.3 million was comprised of \$19.2 million investment in capital assets, \$1.1 million in State Transit Assistance and other funds restricted for equipment replacement and capital projects, and \$11.0 million of unrestricted net position.
- For every dollar in current liabilities as of June 30, 2023, the District holds \$2.81 in current assets, down from \$3.62 as of June 30, 2022.
- Operating revenues (regular and special fares and operating support from the Yocha Dehe Wintun Nation) increased slightly to \$3 million during FY 2022-23 compared to \$2.8 million during FY 2021-22, still 25% below the high of \$4.0 million during FY 2018-19, before the COVID-19 pandemic.

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2023 and 2022

- Operating expenses increased 7.6% to \$16.8 million during FY 2022-23, compared to \$15.6 million during FY 2021-22, primarily due to increases of \$0.8 million in purchased transportation, \$0.3 million in vehicle fuel and \$0.2 million in salaries and benefits.

The Financial Statements

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

Description of Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements: the Statement of Net Position, 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 **Statement of Net Position** 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 Statement of Net Position 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 financing activities
- Noncapital 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.

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2023 and 2022

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.

Statement of Net Position

A summary of the District's Statement of Net Position as of June 30, 2023, 2022 and 2021 is as follows:

	June 30, 2023	June 30, 2022	Increase (Decrease) from 2022 to 2023	June 30, 2021	Increase (Decrease) from 2021 to 2022
Current Assets	\$ 16,262,788	\$ 12,369,836	\$ 3,892,952	\$ 12,164,583	\$ 205,253
Restricted Cash and Investments	1,909,114	1,764,805	144,309	1,556,091	208,714
Other Postemployment Benefits	191,609	402,163	(210,554)	141,766	260,397
Capital Assets, Net	19,492,523	21,234,841	(1,742,318)	23,240,766	(2,005,925)
TOTAL ASSETS	37,856,034	35,771,645	2,084,389	37,103,206	(1,331,561)
Deferred Outflows of Resources	985,108	493,170	491,938	463,813	29,357
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 38,841,142	\$ 36,264,815	\$ 2,576,327	\$ 37,567,019	\$ (1,302,204)
Current Liabilities	\$ 5,801,295	\$ 3,418,089	\$ 2,383,206	\$ 2,385,324	\$ 1,032,765
Non-Current Liabilities	1,524,430	804,900	719,530	1,356,638	(551,738)
TOTAL LIABILITIES	7,325,725	4,222,989	3,102,736	3,741,962	481,027
Deferred Inflows of Resources	236,958	971,873	(734,915)	124,720	847,153
Net Position					
Investment in Capital Assets	19,217,051	21,234,841	(2,017,790)	23,240,766	(2,005,925)
Restricted for Equipment Replacement and Capital Projects	456,794	459,561	(2,767)	515,263	(55,702)
Restricted for Capital Purposes - STA	618,987	393,838	225,149	215,316	178,522
Unrestricted	10,985,627	8,981,713	2,003,914	9,728,992	(747,279)
TOTAL NET POSITION	31,278,459	31,069,953	208,506	33,700,337	(2,630,384)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 38,841,142	\$ 36,264,815	\$ 2,576,327	\$ 37,567,019	\$ (1,302,204)

District Assets

The \$37.9 million in total assets as of June 30, 2023 represented a \$2.1 million decrease from June 30, 2022, primarily due to \$2.4 million depreciation of the District assets, partially offset by a \$2.3 million increase in cash and receivables, and a \$0.4 million increase in the deferred outflow for the CalPERS pension plan is attributable to changes in actuarial assumptions, investment returns, or plan amendments. Total assets as of June 30, 2022 decreased \$1.3 million from June 30, 2021, also primarily due to bus fleet depreciation.

YOLO COUNTY TRANSPORTATION DISTRICT

Management’s Discussion and Analysis
June 30, 2023 and 2022

District Liabilities

The \$5.8 million in current liabilities as of June 30, 2023 represented an increase of \$2.4 million from June 30, 2022 primarily due to a \$1.4 million increase in accounts payable, a \$0.2 million increase in unearned revenue received for the Low Carbon Transit Operations Program (LCTOP) for projects not yet completed and \$0.8 million due to other governments.

The \$0.7 million increase in non-current liabilities during the year ending June 30, 2023 was primarily due to an increase in net pension liability as a result of pension plan investment performance. The District also reported \$1.0 million in deferred outflows of resources primarily for pension and OPEB contributions after the valuation measurement dates and a reduction in the discount rate and \$0.2 million in deferred inflows of resources primarily for the difference between expected and actual experience in assumptions used. See Notes H and I for more information about the District’s pension and OPEB plans.

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 2022-23, 2021-22, and 2020-21 is as follows:

	Year ending June 30, 2023	Year ending June 30, 2022	Increase (Decrease) from 2022 to 2023	Year ending June 30, 2021	Increase (Decrease) from 2021 to 2022
Operating Revenues	\$ 3,056,123	\$ 2,806,098	\$ 250,025	\$ 2,656,266	\$ 149,832
Operating Expenses	16,753,802	15,570,506	1,183,296	15,982,161	(411,655)
Net Loss From Operations	<u>(13,697,679)</u>	<u>(12,764,408)</u>	<u>(933,271)</u>	<u>(13,325,895)</u>	<u>561,487</u>
NONOPERATING REVENUES (EXPENSES)					
Federal Transit Administration Grants:					
Operating Grants	3,822,349	2,024,345	1,798,004	6,597,864	(4,573,519)
Local Transportation Fund and State Transit					
Assistance Allocation	8,560,000	7,064,622	1,495,378	4,526,821	2,537,801
Federal Fuel Excise Tax Refund	-	240,674	(240,674)	195,416	45,258
Low Carbon Fuel Credits	98,907	74,001	24,906	174,867	(100,866)
Investment (Loss) Income	166,171	(199,080)	365,251	74,890	(273,970)
Auxiliary Transportation	748,238	411,774	336,464	51,703	360,071
State Grants	284,827	-	284,827	3,345	(3,345)
Other Nonoperating Revenues	104,033	31,128	72,905	59,136	(28,008)
Nonoperating Vehicle Fuel	(586,971)	(248,327)	(338,644)	(40,069)	-
Highway 80 Managed Lanes Project	(109,367)	-	(109,367)	-	-
Other Pass-through Grants to Other Governments	(24,000)	(24,000)	-	(24,000)	-
Return CalOES Revenue to State	-	(33,755)	33,755	-	(33,755)
Gain (Loss) on Disposal of Capital Assets	(3,650)	-	(3,650)	16,274	(16,274)
TOTAL NONOPERATING REVENUES					
(EXPENSES)	<u>13,060,537</u>	<u>9,530,400</u>	<u>1,921,151</u>	<u>11,636,247</u>	<u>2,486,912</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>845,648</u>	<u>603,624</u>	<u>242,024</u>	<u>230,649</u>	<u>372,975</u>
CHANGE IN NET POSITION	208,506	(2,630,384)	2,838,890	(1,458,999)	(1,171,385)
Net Position at Beginning of Year	<u>31,069,953</u>	<u>33,700,337</u>	<u>(2,630,384)</u>	<u>35,159,336</u>	<u>(1,458,999)</u>
NET POSITION AT END OF YEAR	<u>\$ 31,278,459</u>	<u>\$ 31,069,953</u>	<u>\$ 208,506</u>	<u>\$ 33,700,337</u>	<u>\$ (2,630,384)</u>

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2023 and 2022

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 and the Yocha Dehe Wintun Tribe. The District's operating revenue increased by \$0.3 million to \$3.0 million in FY 2022-23 that represents an increase of \$124K in passenger fares and \$125K in special fares. This followed a slight increase of \$0.1 million during FY 2021-22, suggesting a possible growing demand for ridership and indicating a potential return to pre-COVID pandemic ridership.

Operating Expenses

The District's operating expenses consist of charges for fixed route, paratransit and microtransit operations, administrative expenses, marketing, maintenance expenses, including re-building both transmissions and engines, depreciation, and other operating expenses. The FY 2022-23 increase of \$1.2 million in operating expenses to \$16.8 million represents an increase of \$0.8 million in purchased transportation costs, \$0.2 million in salary and benefits and \$0.3 million in fuel costs offset by slight decreases in depreciation and insurance costs of \$0.1 million.

The FY 2021-22 decrease of \$0.4 million in operating expenses to \$15.6 million is primarily due to an \$0.4 million reduction in depreciation expenses, and an \$0.3 million reduction in insurance premiums, and offset by net increases in purchased transportation, fuel and other operating costs. The FY 2020-21 decrease of \$1.0 million in operating expenses to \$16.0 million was primarily due to a \$0.6 million reduction in purchased transportation costs related to reduced service as a result of the COVID-19 pandemic, and a \$0.6 million reduction in depreciation expenses.

Non-operating Revenues (Expenses)

Non-operating Revenues include operating assistance received from the Federal Transit Administration (FTA), and the State of California, along with federal fuel excise tax refunds, credits for use of low carbon fuels, and reimbursements for the cost of fuel provided to outside users of the District's CNG station, and interest revenue.

The Increase in Non-operating Revenues less Non-operating Expenses of \$1.9 million to \$13.1 million during FY 2022-23 was comprised of offsetting factors, including:

- \$1.8 million increase in FTA operating grant support to \$3.9 million, primarily due to \$0.5 million federal assistance for the engine rebuilds and re-tanking CNG buses and \$0.7 million in federal CARES Act funding claimed during FY 2022-23, versus the use of zero in CARES Act funding in FY 2021-22.
- \$1.5 million increase in Local Transportation Fund and State Transit Assistance Allocation to \$8.6 million, used to partially offset the reduction in CARES Act funding.
- \$0.2 million change in booked investment income from a -\$0.2 million investment fair value adjustment in FY 2021-22, representing a report by the Yolo County Treasurer that certain pooled fixed income investments had lost market value due to interest rate changes.
- \$0.3 million increase to \$0.7 million in Auxiliary Transportation-Outside Fuel sales offset by an increase of \$0.3 million in non-transit related fuel sales reported as a non-operating expense.

Non-operating Revenues less Non-operating Expenses decreased from \$11.7 million in FY 2020-21 to \$9.5 million in FY 2021-22, primarily due to a \$4.6 million reduction in FTA operating grant support offset by a \$2.5 million increase in Local Transportation Fund and State Transit Allocation assistance use partially to offset the reduction in CARES Act funding.

YOLO COUNTY TRANSPORTATION DISTRICT

Management’s Discussion and Analysis
June 30, 2023 and 2022

Capital Contributions

Capital contributions consist of grants received by the District from the Federal Transit Administration, Sacramento Area Council of Governments and the State of California, from either the Department of Transportation or the California Governor’s Office of Emergency Services relating to capital for improvements owned by the District. The increase of \$0.3 million during FY 2022-23 reflects a decrease in State Transportation Act and State of Good Repair funds of \$0.1 million offset by an increase of \$0.3 million federal funds used toward capital-related major maintenance and a service truck replacement. The STA capital contribution of \$0.4 million will be used towards procuring CNG bus replacements.

Capital Assets

	June 30, 2023	June 30, 2022	Increase (Decrease) from 2022 to 2023	June 30, 2021	Increase (Decrease) from 2021 to 2022
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 - Buses	41,065,499	42,006,582	(941,083)	41,586,902	419,680
Equipment & Transit Vehicles - Paratransit & Microtransit Vans	1,568,400	1,548,678	19,722	1,548,678	-
Building and improvements	12,218,563	12,218,563	-	12,218,563	-
Total capital assets, being depreciated	54,852,462	55,773,823	(921,361)	55,354,143	419,680
Less accumulated depreciation for:					
Equipment & Transit Vehicles - Buses	(27,120,149)	(26,814,666)	(305,483)	(24,905,122)	(1,909,544)
Equipment & Transit Vehicles - Vans	(1,427,405)	(1,187,535)	(239,870)	(947,078)	(240,457)
Building and improvements	(7,277,385)	(7,001,781)	(275,604)	(6,726,177)	(275,604)
Total accumulated depreciation	(35,824,939)	(35,003,982)	(820,957)	(32,578,377)	(2,425,605)
Total capital assets being depreciated, net	<u>19,027,523</u>	<u>20,769,841</u>	<u>(1,742,318)</u>	<u>22,775,766</u>	<u>(2,005,925)</u>
Capital assets, net	<u>\$ 19,492,523</u>	<u>\$ 21,234,841</u>	<u>\$ (1,742,318)</u>	<u>\$ 23,240,766</u>	<u>\$ (2,005,925)</u>

During the fiscal years ending June 30, 2023 and June 30, 2022, the District’s net investment in capital assets decreased by \$1.7 million and \$2 million, respectively, due to depreciation of fixed route buses, paratransit and microtransit vans, and buildings and improvements along with the retirement and disposal of assets.

Economic Factors and the Future

General economic conditions are expected to improve during fiscal year 2024 as ridership demand is increasing. YCTD has continued its Microtransit pilots in Knights Landing and Winters, while planning for new Microtransit service in the City of Woodland expected in September 2023.

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 Heather Cioffi, Executive Assistant, Yolo County Transportation District, 350 Industrial Way, Woodland, California 95776 or hcioffi@yctd.org.

YOLO COUNTY TRANSPORTATION DISTRICT

STATEMENTS OF NET POSITION

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 11,792,839	\$ 9,511,428
Due from Other Governments	4,071,606	2,560,424
Accounts Receivable	398,343	297,984
TOTAL CURRENT ASSETS	<u>16,262,788</u>	<u>12,369,836</u>
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	1,909,114	1,764,805
Other Postemployment Benefits Asset	191,609	402,163
Capital Assets:		
Nondepreciable	465,000	465,000
Depreciable, Net	<u>19,027,523</u>	<u>20,769,841</u>
Total Capital Assets, Net	<u>19,492,523</u>	<u>21,234,841</u>
TOTAL NONCURRENT ASSETS	<u>21,593,246</u>	<u>23,401,809</u>
TOTAL ASSETS	<u>37,856,034</u>	<u>35,771,645</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Plan	772,553	325,059
Other Postemployment Benefits Plan	212,555	168,111
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>985,108</u>	<u>493,170</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 38,841,142</u>	<u>\$ 36,264,815</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,091,243	\$ 1,705,427
Accrued Wages	58,249	36,945
Due to Other Governments	1,142,779	359,192
Unearned Revenue	1,452,320	1,272,396
Accrued Compensated Absences	56,704	44,129
TOTAL CURRENT LIABILITIES	<u>5,801,295</u>	<u>3,418,089</u>
NONCURRENT LIABILITIES		
Accrued Compensated Absences	14,390	5,601
Net Pension Liability	1,510,040	799,299
TOTAL NONCURRENT LIABILITIES	<u>1,524,430</u>	<u>804,900</u>
TOTAL LIABILITIES	<u>7,325,725</u>	<u>4,222,989</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Plan	151,111	718,369
Other Postemployment Benefits Plan	85,847	253,504
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>236,958</u>	<u>971,873</u>
NET POSITION		
Investment in Capital Assets	19,217,051	21,234,841
Restricted for Equipment Replacement and Capital Projects	456,794	459,561
Restricted for Capital Purposes - State Transit Assistance	618,987	393,838
Unrestricted	<u>10,985,627</u>	<u>8,981,713</u>
TOTAL NET POSITION	<u>31,278,459</u>	<u>31,069,953</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 38,841,142</u>	<u>\$ 36,264,815</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, 2023 and 2022

	2023	2022
OPERATING REVENUE		
Passenger Fares	\$ 966,020	\$ 840,592
Special Fares	2,090,103	1,965,506
TOTAL OPERATING REVENUE	3,056,123	2,806,098
OPERATING EXPENSES		
Purchased Transportation	9,633,642	8,838,562
Salaries and Benefits	1,697,342	1,488,663
Insurance	809,590	872,019
Vehicle Fuel	1,408,709	1,116,659
Other Services and Supplies	831,876	828,998
Depreciation	2,372,643	2,425,605
TOTAL OPERATING EXPENSES	16,753,802	15,570,506
NET LOSS FROM OPERATIONS	(13,697,679)	(12,764,408)
NONOPERATING REVENUES (EXPENSES)		
Federal Transit Administration Grants:		
Operating Grants	3,822,349	2,024,345
Local Transportation Fund and State Transit Assistance Allocation	8,560,000	7,064,622
Federal Fuel Excise Tax Refund		240,674
Low Carbon Fuel Credits	98,907	74,001
Investment (Loss) Income	166,171	(199,080)
Auxiliary Transportation	748,238	411,774
State Grants	284,827	
Other Nonoperating Revenues	104,033	220,146
Nonoperating Vehicle Fuel	(586,971)	(248,327)
Highway 80 Managed Lanes Project	(109,367)	
Other Pass-through Grants to Other Governments	(24,000)	(24,000)
Return CalOES Revenue to State		(33,755)
Gain (Loss) on Disposal of Capital Assets	(3,650)	
TOTAL NONOPERATING REVENUES (EXPENSES)	13,060,537	9,530,400
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(637,142)	(3,234,008)
CAPITAL CONTRIBUTIONS		
Federal Transit Administration Grant	450,941	112,592
State Transit Assistance	394,707	275,466
State of Good Repair		215,566
TOTAL CAPITAL CONTRIBUTIONS	845,648	603,624
CHANGE IN NET POSITION	208,506	(2,630,384)
Net Position at Beginning of Year	31,069,953	33,700,337
NET POSITION AT END OF YEAR	\$ 31,278,459	\$ 31,069,953

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts From Customers	\$ 2,033,631	\$ 2,736,173
Cash Paid to Suppliers for Goods and Services	(11,027,235)	(10,859,842)
Cash Paid to Employees for Services	(1,960,232)	(1,480,755)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(10,953,836)</u>	<u>(9,604,424)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Grants and Subsidies	12,390,624	9,644,491
Pass-through Payments	(24,000)	(24,000)
Other Income	1,167,746	3,556,769
Other Expenses	(696,338)	(282,082)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>12,838,032</u>	<u>12,895,178</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributions Received	733,856	694,699
Acquisition of Capital Assets	(358,503)	(419,680)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>375,353</u>	<u>275,019</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Pooled Investments	166,171	(199,080)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>166,171</u>	<u>(199,080)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,425,720	3,366,693
Cash and Cash Equivalents at Beginning of Year	<u>11,276,233</u>	<u>7,909,540</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 13,701,953</u>	<u>\$ 11,276,233</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET		
Cash and Cash Equivalents	\$ 11,792,839	\$ 9,511,428
Restricted Cash and Cash Equivalents	<u>1,909,114</u>	<u>1,764,805</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 13,701,953</u>	<u>\$ 11,276,233</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Net Loss From Operations	\$ (13,697,679)	\$ (12,764,408)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:		
Depreciation	2,372,643	2,425,605
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
Accounts Receivable and Due from Other Governments	(1,259,841)	(72,479)
Deferred Outflows of Resources - OPEB Plan	(44,444)	(27,822)
Deferred Outflows of Resources - Pension Plan	(447,494)	(1,535)
Accounts Payable and Due to Other Governments	1,893,931	798,950
Accrued Wages	21,304	11,024
Accrued Compensated Absences	21,364	(31,587)
Net OPEB Asset/Liability	210,554	(260,397)
Net Pension Liability	710,741	(528,928)
Deferred Inflows of Resources - OPEB Plan	(167,657)	147,363
Deferred Inflows of Resources - Pension Plan	(567,258)	699,790
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (10,953,836)</u>	<u>\$ (9,604,424)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITY		
Change in the fair value of investments	\$ (19,963)	\$ (285,238)
Capital asset acquisitions on accounts payable	\$ 275,472	\$ -

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

YOLO COUNTY TRANSPORTATION DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND

June 30, 2023

	<u>Yolo Transit Management Association</u>
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 5,115
TOTAL CURRENT ASSETS	<u>5,115</u>
TOTAL ASSETS	<u>\$ 5,115</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	\$ 1,180
Due to Other Governments	656
TOTAL CURRENT LIABILITIES	<u>1,836</u>
NET POSITION	
Restricted for Another Organization	3,279
TOTAL NET POSITION	<u>3,279</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,115</u>

The accompanying notes are an integral part of these financial statements

YOLO COUNTY TRANSPORTATION DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND

For the Year Ended June 30, 2023

	Yolo Transit Management Association
ADDITIONS	
In-kind Contributions	\$ 50,490
Membership Fees	22,350
Interest	1
Miscellaneous	<u>14,050</u>
TOTAL ADDITIONS	<u>86,891</u>
DEDUCTIONS	
Services and Supplies	90,367
In-kind Administrative Expenses	<u>50,490</u>
TOTAL DEDUCTIONS	<u>140,857</u>
CHANGE IN NET POSITION	(53,966)
Net Position at Beginning of Year	
Restatement	<u>57,245</u>
Net Position at Beginning of Year, as Restated	<u>57,245</u>
NET POSITION AT END OF YEAR	<u><u>\$ 3,279</u></u>

The accompanying notes are an integral part of these financial statements

YOLO COUNTY TRANSPORTATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

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 February 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 District is a member of the Capitol Corridor Joint Powers Authority (CCJPA). The District is not liable for the liabilities of the CCJPA if it dissolves under the related joint exercise of powers agreement. The financial statements of the CCJPA is available on its website.

The District provides 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 provides Paratransit Service for residents in Woodland, Davis, and West Sacramento to comply with the Americans with Disabilities Act. The District also provides on-demand microtransit service to the communities of Knights Landing, Winters, Woodland and Yolo. Transit services are provided under contract with Transdev, which is in effect through July 31, 2025.

Basis of Presentation: Separate financial statements are provided for proprietary funds and the fiduciary fund. 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 funds are 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 fiduciary fund is a custodial fund used to account for receipts and disbursements of monies held by YCTD on behalf of the Yolo Transportation Management Association (YTMA), a nonprofit entity that promotes innovative solutions to parking, commuting and air quality problems. YTMA reports an in-kind contribution for administration provided by the District. Its main revenue source is membership fees and its main expenses are incentives paid to incentivize and reward commuters who try other means of commuting than single occupant vehicles and commuter choice education.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise funds and fiduciary fund are accounted for using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

inflows of resources associated with the operation of the fund are included on the statement of net position. Net Position is segregated into the 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. The fiduciary fund-type statement presents additions and deductions in net position.

The District uses the accrual basis of accounting for the proprietary and fiduciary funds. 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 include 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-five 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 capital 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 assets 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 District's pension plan under GASB Statement No. 68 as described in Note H and other postemployment benefits (OPEB) plan under GASB Statement No. 75 as described in Note I to the financial statements.

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. Unused administration leave is payable only at retirement. The District is not obligated to pay for unused sick leave if an employee terminates prior to retirement and does not accrue sick leave as part of compensated absences. Retirees may elect to convert their sick leave to service credit under the District's pension plan with CalPERS. 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.

Due to Other Governments: The District applied \$942,746 of nonqualifying operating expenses to certain Federal Transit Administration grants and was paid by the FTA prior to June 30, 2023. The District has requested the expenses be applied to other operating grants, but the FTA has not yet approved the request. Consequently, the District has reported \$930,233 of the overpayment already collected as due to other governments at June 30, 2023 and has reversed a receivable accrued for the remaining overpayment.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue: Amounts reported as unearned revenue consist of funds received by the District before appropriate expenses have been incurred to be able to record the funds as revenue. Amounts at June 30, 2023 and 2022 represents Low Carbon Transit Operations Program funds held for future projects that would be returned to the state if not spent.

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 restricted in accordance with TDA requirements since amounts are billed in advance of expenses being incurred. The amount restricted for equipment replacement and capital projects includes the unexpended revenues from grant programs described in Note K. The amount restricted for capital purposes represented State Transit Assistance (STA) revenues collected through June 30, 2015 that are restricted for capital projects because the District did not meet required STA efficiency standards necessary to use STA for operating purposes.

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 District’s California Public Employees’ Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan’s fiduciary net 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.

Other Postemployment Benefits Plan (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources and OPEB expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. 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 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 amounts could differ from those estimates.

Reclassifications: Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on total assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or change in net position.

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:

	2023			2022
	Business-Type Activities	Fiduciary Fund	Total	Business-Type Activities
Cash and cash equivalents	\$ 11,792,839	\$ 5,115	\$ 11,797,954	\$ 9,511,428
Restricted cash and equivalents	1,909,114		1,909,114	1,764,805
Total cash and investments	\$ 13,701,953	\$ 5,115	\$ 13,707,068	\$ 11,276,233

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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

	2023			2022
	Business-Type Activities	Fiduciary Fund	Total	Business-Type Activities
Cash on hand	\$ 8,965		\$ 8,965	
Deposits with financial institutions	3,064,910	\$ 5,115	3,070,025	\$ 890,033
Investment in Yolo County Pooled Investment Fund	10,628,078		10,628,078	10,386,200
Total cash and investments	\$ 13,701,953	\$ 5,115	\$ 13,707,068	\$ 11,276,233

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 the fair value is to changes in market interest rates. As of June 30, 2023 and 2022, the weighted average maturity of the investments contained in the County of Yolo investment pool was approximately 460 and 513 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.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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

At June 30, 2023 and 2022, the carrying amount of the District’s deposits was \$3,070,025 and \$890,033 and the balance in financial institutions was \$1,497,835 and \$884,722, respectively. Of the balance in financial institutions, \$253,210 and \$250,000 was insured in 2023 and 2022, respectively, by the Federal Deposit Insurance Corporation (FDIC) and the remaining amount was uninsured and collateralized by the pledging 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:

	2023	2022
LCTOP	\$ 1,452,320	\$ 1,272,396
LTF capital reserves	456,794	447,885
Proceeds from Federal Transit Administration Funded Capital Assets		11,676
Governor's Office of Emergency Services		32,848
Total restricted cash and cash equivalents	\$ 1,909,114	\$ 1,764,805

At June 30, 2023 and 2022, the District accumulated \$456,794 and \$447,885 of LTF revenue from its member agencies from TDA allocations that is restricted for equipment replacement and capital purposes because it was claimed from member agencies for that purpose. The District received proceeds from the sale of Federal Transit Administration funded capital assets during the year ended June 30, 2021 that were restricted for future asset purchases. Those proceeds were used to fund a capital asset addition during the year ended June 30, 2023. See Note J for additional information on restrictions related to unexpended LCTOP and Governor’s Office of Homeland Security state grant funds.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE D – DUE FROM OTHER GOVERNMENTS

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

	2023	2022
City of West Sacramento	\$ 1,500,000	
Federal Transit Administration grants	1,281,044	\$ 962,191
SACOG - State Transit Assistance and State of Good Repair	394,687	491,032
City of Woodland	327,839	
Sacramento Regional Transit District	207,973	325,455
California Department of Transportation	200,210	154,009
University of California, Davis	68,532	320,498
Internal Revenue Service - fuel/excise tax rebates		240,674
Other	91,321	66,565
Total due from other governments	\$ 4,071,606	\$ 2,560,424

NOTE E – CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
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	42,006,582	\$ 614,253	\$ (1,555,336)	41,065,499
Buildings and improvements	12,218,563			12,218,563
Total capital assets, being depreciated	54,225,145	614,253	(1,555,336)	53,284,062
Less accumulated depreciation for:				
Equipment and transit vehicles	(26,814,666)	(1,857,169)	1,551,686	(27,120,149)
Buildings and improvements	(7,001,781)	(275,604)		(7,277,385)
Total accumulated depreciation	(33,816,447)	(2,132,773)	1,551,686	(34,397,534)
Total capital assets being depreciated, net	20,408,698	(1,518,520)	(3,650)	18,886,528
Capital assets, net	\$ 20,873,698	\$ (1,518,520)	\$ (3,650)	\$ 19,351,528
ADA Paratransit Service				
Capital assets, being depreciated:				
Equipment and transit vehicles	\$ 1,548,678	\$ 19,722		\$ 1,568,400
Total capital assets, being depreciated	1,548,678	19,722		1,568,400
Less accumulated depreciation for:				
Equipment and transit vehicles	(1,187,535)	(239,870)		(1,427,405)
Total accumulated depreciation	(1,187,535)	(239,870)		(1,427,405)
Capital assets, net	\$ 361,143	\$ (220,148)	\$ -	\$ 140,995
Total capital assets, net	\$ 21,234,841	\$ (1,738,668)	\$ (3,650)	\$ 19,492,523

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE E – CAPITAL ASSETS (Continued)

Fixed Route Service	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
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	41,586,902	\$ 419,680		42,006,582
Buildings and improvements	12,218,563			12,218,563
Total capital assets, being depreciated	53,805,465	419,680		54,225,145
Less accumulated depreciation for:				
Equipment and transit vehicles	(24,905,122)	(1,909,544)		(26,814,666)
Buildings and improvements	(6,726,177)	(275,604)		(7,001,781)
Total accumulated depreciation	(31,631,299)	(2,185,148)		(33,816,447)
Total capital assets being depreciated, net	22,174,166	(1,765,468)		20,408,698
Capital assets, net	\$ 22,639,166	\$ (1,765,468)	\$ -	\$ 20,873,698
<u>ADA/Paratransit and Microtransit Service</u>				
Capital assets, being depreciated:				
Equipment and transit vehicles	\$ 1,548,678			\$ 1,548,678
Total capital assets, being depreciated	1,548,678			1,548,678
Less accumulated depreciation for:				
Equipment and transit vehicles	(947,078)	\$ (240,457)		(1,187,535)
Total accumulated depreciation	(947,078)	(240,457)		(1,187,535)
Capital assets, net	\$ 601,600	\$ (240,457)	\$ -	\$ 361,143
Total capital assets, net	\$ 23,240,766	\$ (2,005,925)	\$ -	\$ 21,234,841

NOTE F – COMPENSATED ABSENCES

Compensated absences activity for the years ended June 30 consisted of the following:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due within one year
Compensated absences	\$ 49,730	\$ 86,861	\$ (65,497)	\$ 71,094	\$ 56,704
	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due within one year
Compensated absences	\$ 81,317	\$ 72,347	\$ (103,934)	\$ 49,730	\$ 44,129

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE G – FARE REVENUE RATIO

The District is required to maintain a fare revenue to operating expense ratio of 15% for the years ending June 30, 2023 and 2022, 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:

	2023	2022
Fare revenues	\$ 3,056,123	\$ 2,806,098
Local funds:		
Federal Transit Administration grants	3,822,349	2,024,345
Federal fuel excise tax refund		240,674
Low carbon fuel credits	98,907	74,001
Investment income	166,171	
Auxilliary transportation	748,238	411,774
Other nonoperating revenues	104,033	220,146
Total local funds	4,939,698	2,970,940
Total fare revenue and local funds	\$ 7,995,821	\$ 5,777,038
Operating expenses	\$ 16,863,169	\$ 15,570,506
Less allowable exclusions:		
Depreciation	(2,372,643)	(2,425,605)
Net operating expenses	\$ 14,490,526	\$ 13,144,901
Fare revenue ratio	55.18%	43.95%

Assembly Bill (AB) 149 signed in July 2021 allowed federal fund to be counted as “local funds” in the fare revenue ratio. The District met its minimum required fare revenue ratio for the years ended June 30, 2023 and 2022.

NOTE H – PENSION PLAN

Plan Description: All qualified permanent and probationary employees are eligible to participate in the District’s cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). The District participates in the Miscellaneous Risk Pool and the following rate plans:

- Miscellaneous Plan
- PEPRA Miscellaneous Plan

Benefit provisions under the Plan are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plan 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 the plan are applied as specified by the Public Employees’ Retirement Law.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE H – PENSION PLAN (Continued)

The Plan’s provisions and benefits in effect at June 30, 2023 and 2022, are summarized as follows:

	2023		2022	
	Miscellaneous Rate Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Rate Plan (On or after January 1, 2013)	Miscellaneous Rate Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Rate Plan (On or after January 1, 2013)
Hire date				
Benefit formula (at full retirement)	2.5% @ 55	2.0% @ 62	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.000%	6.750%	8.000%	6.750%
Required employer contribution rates	12.210%	7.470%	12.200%	7.590%

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

In addition to the contribution rates above, the District contributed unfunded liability (UAL) payments to CalPERS of \$182,771 and \$122,817 during the years ended June 30, 2023 and 2022, respectively.

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 Plan 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 years ended June 30, 2023 and 2022, the employer contributions recognized as part of pension expense were \$299,979 and \$209,857, respectively.

Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources: As of June 30, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	2023	2022
	Proportionate Share of Net Pension Liability	Proportionate Share of Net Pension Liability
Net pension liability	\$ 1,510,040	\$ 799,299

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022 and 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2021 and 2020 rolled forward to June 30, 2022 and 2021 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 plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, compared to prior year were as follows:

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE H – PENSION PLAN (Continued)

	2023	2022
Proportion - June 30, 2022	0.04209%	
Proportion - June 30, 2023	0.03227%	
Change - decrease	-0.00982%	
Proportion - June 30, 2021		0.03149%
Proportion - June 30, 2022		0.04209%
Change - increase		0.01060%

During the years ended June 30, 2023 and 2022, the District recognized pension expense/(benefit) of (\$4,031) and \$379,185 respectively. At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 299,979		\$ 209,857	
Differences between actual and expected experience	30,325	\$ (20,310)	89,633	
Changes in assumptions	154,735			
Differences between the employer's contributions and the employer's proportionate share of contributions	8,802	(6,322)	19,491	
Change in employer's proportion	2,113	(124,479)	6,078	\$ (20,624)
Net differences between projected and actual earnings on plan investments	276,599			(697,745)
Total	\$ 772,553	\$ (151,111)	\$ 325,059	\$ (718,369)

The amounts 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 subsequent year. Other amounts reported as net deferred outflows (inflows) of resources related to the Plan will be recognized as pension expense as follows:

Fiscal Year Ended June 30	2023	2022
2023		\$ (118,743)
2024	\$ 72,516	(134,429)
2025	54,106	(157,175)
2026	25,661	(192,820)
2027	169,180	
	\$ 321,463	\$ (603,167)

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE H – PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liabilities at the measurement date for the Plan used during the years ended June 30 were determined using the following actuarial assumptions:

	2023	2022
Valuation date	June 30, 2021	June 30, 2020
Measurement date	June 30, 2022	June 30, 2021
Actuarial cost method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial assumptions:		
Discount rate	6.90%	7.15%
Inflation	2.30%	2.50%
Payroll growth	2.80%	2.75%
Projected salary increase ⁽¹⁾	.2% -7.64%	.4% -8.5%
Mortality	Derived using CalPERS Membership Data for all Funds	Derived using CalPERS Membership Data for all Funds

(1) Depending on entry age, service and type of employment.

The underlying mortality assumptions were developed using CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP2020 and 90% of MP2016 by the Society of Actuaries at the June 30, 2022 and 2021 measurement dates. Mortality at the June 30, 2022 and 2021 measurement dates was based on the 2021 and the December 2017 CalPERS experience study, respectively. Further details of the Experience Studies can be found on the CalPERS website under Forms and Publications.

Discount Rate: The discount rate used to measure the total pension liability was 6.90% and 7.15% in the June 30, 2022 and 2021 accounting valuations used for the years ended June 30, 2023 and 2022, respectively. 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 discount rates used were appropriate and the use of the municipal bond rate calculation was not necessary. The long-term expected discount rate will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations, as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects the long-term expected real rate of return by asset class for the Plan. 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.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE H – PENSION PLAN (Continued)

Asset Class	2023		2022		
	Assumed Asset Allocation	Real Return Years 1 - 10 ^(a)	New Strategic Allocation	Real Return Years 1 - 10 ^(b)	Real Return Years 11+ ^(c)
Global equity - cap-weighted	30.0%	4.45%			
Global equity - non-cap-weighted	12.0%	3.84%			
Private equity	13.0%	7.28%	8.0%	6.30%	7.23%
Treasury	5.0%	0.27%			
Mortgage-backed securities	5.0%	0.50%			
Investment grade corporates	10.0%	1.56%			
High yield	5.0%	2.27%			
Emerging market debt	5.0%	2.48%			
Private debt	5.0%	3.57%			
Real assets	15.0%	3.21%	13.0%	3.75%	4.93%
Leverage	-5.0%	-0.59%			
Global equity			50.0%	4.80%	5.98%
Fixed income			28.0%	1.00%	2.62%
Inflation assets			0.0%	0.77%	1.81%
Liquidity			1.0%	0.00%	-0.92%
Total	100.0%		100.0%		

^(a) An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 Asset Liability Management study.

^(b) An expected inflation of 2.00% used for this period.

^(c) An expected inflation of 2.92% 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, calculated using the discount rate for the Plan, 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:

	2023	2022
1% decrease	5.90%	6.15%
Net pension liability	\$ 2,290,166	\$ 1,472,519
Current discount rate	6.90%	7.15%
Net pension liability	\$ 1,510,040	\$ 799,299
1% increase	7.90%	8.15%
Net pension liability	\$ 868,191	\$ 242,758

Pension Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan: At June 30, 2023 and 2022, the District had no significant payables to the Plan.

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

Plan Description: The Yolo County Transportation District Retiree Healthcare Plan (“Plan”) is an agent multiple-employer defined benefit healthcare plan that provides OPEB benefits consisting of medical insurance premiums to all employees once they attain 50 years of age (52 for employees hired on or after January 1, 2013), have five years of CalPERS credited service with the District or other agencies or have an approved disability retirement. Benefits are also provided to employees’ surviving spouses and other eligible dependents. The Plan provides healthcare benefits 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 that can be obtained from the CalPERS website at www.calpers.ca.gov under the Forms and Publications. No other publicly available reports are available for the plan.

Benefits Provided: The District is required to provide a contribution toward monthly retiree medical premiums for the retiree’s lifetime or until coverage is discontinued at a rate of 90% for management employees and 90% of the Western Health Advantage Basic Region 1/Kaiser Medicare Region 1/Kaiser Combination Region 1 premium for non-management up to a maximum amount ranging from \$667 to \$1,735 for non-Medicare and \$272 to \$1,007 for Medicare premiums during the years ended June 30, 2023 and June 30, 2022. The benefits do not cease at age 65 when the retiree or spouse is eligible for Medicare. Benefits continue to surviving spouses and dependents. Implied subsidies are valued for community rated plans such as PEMHCA under revised Actuarial Standards of Practice (ASOP) No. 6 released in May 2014.

Employees Covered by Benefit Terms: At the measurement date, the following employees were covered by the benefit terms:

	2023	2022
Inactive employees or beneficiaries currently receiving benefit payments	4	4
Inactive employees entitled to but not receiving benefits	2	2
Active employees	8	8
Total	14	14

Contributions: The Board of Directors has the authority to establish and amend the contribution requirements of the District and employees under powers granted to it under the California Government Code. The District’s current benefits were defined under Board Resolution 2014-05. The required contributions are described above. Employees are not required to contribute to the Plan. The District’s contributions during the year ended June 30, 2023 were \$26,834 and consisted of direct payments of insurance premiums of \$38,927, implied subsidy payments of \$26,834, less reimbursement from CERBT of \$38,927. The District’s contributions during the year ended June 30, 2022 were \$76,132 and consisted of direct payments of insurance premiums of \$39,937 and implied subsidy payments of \$36,195.

Net OPEB Liability (Asset): The District’s net OPEB liability at June 30, 2023 and 2022 was measured as of June 30, 2022 and 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by a bi-annual actuarial valuation as of June 30, 2021 for both years.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Actuarial Assumptions: The total OPEB liability (asset) at the June 30, 2022 and 2021 measurement date was determined using the following actuarial assumptions:

	2023	2022
Valuation date	June 30, 2021	June 30, 2021
Measurement date	June 30, 2022	June 30, 2021
Actuarial cost method	Entry-age normal cost method	Entry-age normal cost method
Actuarial assumptions:		
Discount rate for accounting purposes	6.15%	6.15%
Inflation	2.50%	2.50%
Aggregate salary increases	3.00%	3.00%
Demographic actuarial assumptions	Derived using CalPERS 2017 Experience Study	Derived using CalPERS 2017 Experience Study
Mortality improvement	MacLeod Watts Scale 2022 applied generationally	MacLeod Watts Scale 2022 applied generationally
Healthcare cost trend rates	5.8% in 2023, grading down to 3.9% in 2076	5.8% in 2023, grading down to 3.9% in 2076
Participation rate assumption	100%	100%

Changes in actuarial assumptions in the June 30, 2021 actuarial valuation included the following: The discount rate for accounting purposes decreased from 7.00% to 6.15% and the discount rate for funding purposes increased from 5.75% to 6.15%, reflecting updated long-term rates of return provided by CalPERS in March 2022. The mortality improvement scale was updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022, reflecting continued updates in available information. The healthcare trend scale was updated from Getzen Model 2019_b to Getzen Model 2022_b, as published by the Society of Actuaries.

The long-term expected rate of return on 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 Plan investment expense and inflation) was used and developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class in CERBT Strategy 1 used by the District are summarized in the following table:

Investment Class	2023			2022		
	Target Allocation	Years 1-5	Years 6-20	Target Allocation	Years 1-5	Years 6-20
		Expected Real Rate of Return	Expected Real Rate of Return		Expected Real Rate of Return	Expected Real Rate of Return
Global equity	49.00%	4.40%	4.50%	49.00%	4.40%	4.50%
Fixed income	23.00%	-1.00%	2.20%	23.00%	-1.00%	2.20%
Global Real Estate (REITs)	20.00%	3.00%	3.90%	20.00%	3.00%	3.90%
Treasury Inflation Protected Securities	5.00%	-1.80%	1.30%	5.00%	-1.80%	1.30%
Commodities	3.00%	0.80%	1.20%	3.00%	0.80%	1.20%
Total	<u>100.00%</u>			<u>100.00%</u>		

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Discount Rate: The accounting discount rate used to measure the total OPEB liability (asset) was 6.15% at the June 30, 2022 and 2021 measurement dates. The projection of cash flows used to determine the discount rate assumed that District contributions will continue based upon the current funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Changes in the Net OPEB Liability (Asset):

	2023			2022		
	Increase (Decrease)			Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at July 1	\$ 1,030,128	\$ 1,432,291	\$ (402,163)	\$ 936,500	\$ 1,078,266	\$ (141,766)
Changes for the year:						
Service cost	31,671		31,671	60,360		60,360
Interest	62,960		62,960	68,530		68,530
Changes in benefit terms				(74,716)		(74,716)
Contributions - employer		76,132	(76,132)		93,267	(93,267)
Plan experience				(15,164)		(15,164)
Changes in assumptions				90,331		90,331
Net investment income		(191,692)	191,692		296,879	(296,879)
Benefit payments	(76,132)	(76,132)		(35,713)	(35,713)	
Administrative expense		(363)	363		(408)	408
Net changes	18,499	(192,055)	210,554	93,628	354,025	(260,397)
Balance at June 30	<u>\$ 1,048,627</u>	<u>\$ 1,240,236</u>	<u>\$ (191,609)</u>	<u>\$ 1,030,128</u>	<u>\$ 1,432,291</u>	<u>\$ (402,163)</u>

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Healthcare Cost Trend Rates: The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB 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 discount rate:

	2023			2022		
	Current			Current		
	1% Decrease 5.15%	Discount Rate 6.15%	1% Increase 7.15%	1% Decrease 5.15%	Discount Rate 6.15%	1% Increase 7.15%
Net OPEB liability (asset)	\$ (47,619)	\$ (191,609)	\$ (309,600)	\$ (263,747)	\$ (402,163)	\$ (515,497)

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	2023			2022		
	Current			Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability (asset)	\$ (318,819)	\$ (191,609)	\$ (31,843)	\$ (527,129)	\$ (402,163)	\$ (245,215)

OPEB Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued CERBT financial report at www.calpers.ca.gov.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the years ended June 30, 2023 and 2022, the District recognized OPEB expense of \$25,287 and \$64,724, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 26,834		\$ 76,132	
Differences between actual and expected experience		\$ (83,787)		\$ (101,077)
Changes in assumptions	77,053	(2,060)	91,979	(2,499)
Net differences between projected and actual earnings on OPEB plan investments	108,668			(149,928)
Total	\$ 212,555	\$ (85,847)	\$ 168,111	\$ (253,504)

The amount 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 following fiscal year. The recognition period for the remaining amounts differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. The net difference between expected and actual experience and changes in assumptions are recognized over the expected average remaining service lifetime (EARSL), which was 8.04 years at June 30, 2023 and 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	2023	2022
2023		\$ (37,585)
2024	\$ 18,506	(37,447)
2025	16,528	(39,425)
2026	7,389	(48,564)
2027	49,461	(6,494)
2028	(1,734)	7,990
Thereafter	9,724	
	\$ 99,874	\$ (161,525)

Payable to the OPEB Plan: There were no payables to the Plan at June 30, 2023 and 2022.

NOTE J – DEFERRED COMPENSATION PLAN

The District offers an Internal Revenue Code Section 457 deferred compensation plan (the 457 Plan) to all employees at their date of hire, which is administered by CalPERS. Benefit terms, including contribution requirements, are established, and may be amended by the Board of Directors. Covered employees are allowed to voluntarily contribute a portion of their pre-tax earnings to the 457 Plan up to the limits specified in the IRC. The District is required to make matching contributions of up to 5% of the Executive Director’s includable compensation and may make discretionary contributions to the 457 Plan. Contributions are fully vested when made by the participant and the District. Employee contributions made to the Plan during the years ended June 30, 2023 and 2022 were \$86,263 and \$47,147, respectively. Employer contributions made to the Plan during the years ended June 30, 2023 and 2022 were \$9,984 and \$7,258, respectively.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE K – OTHER STATE GRANT PROGRAMS

California Governor’s Office of Emergency Services: Included in the \$19.925 billion Proposition 1B State general obligation bonds was \$1 billion set aside for Transit System Safety, Security & Disaster Response projects. The California Governor’s Office of Emergency Services (CalOES) has been charged with administering these funds 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 received funds from the Proposition 1B California Transit Assistance Fund.

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. The District did not receive any funds during the years ended June 30, 2023 and 2022. At June 30, 2022, the District recorded a payable to return unspent funds to CalOES.

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

	2023	2022
Unexpended proceeds, beginning of year	\$ -	\$ 45,877
Investment earnings (loss)		(619)
Expenses incurred:		
Bus Shelters		(12,410)
Unexpended cash and cash equivalents, end of year		32,848
Expense for return funds to CalOES		(32,848)
CalOES funds available at end of year	\$ -	\$ -

State of Good Repair: State of Good Repair (SGR) was established by the California Legislature in 2017 by Senate Bill 1. SGR provides public transportation agencies with a consistent and dependable revenue source to invest in the upgrade, repair, and improvement of the transportation infrastructure and improve transportation services. Sacramento Area Council of Governments (SACOG) has elected to treat these funds on a cost reimbursement basis. Unexpended SGR funds held by SACOG at June 30, 2023 and 2022 were \$1,232,121 and \$951,784, respectively. As of June 30, SGR funds received and expended were verified in the course of the audit as follows:

	2023	2022
Unexpended proceeds, beginning of year	\$ -	\$ -
Revenue received		215,566
Expenses incurred:		
Bus engine rebuild		(215,058)
Computer server		(508)
Unexpended proceeds	\$ -	\$ -

Low Carbon Transit Operations Program (LCTOP): The LCTOP is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities. Approved projects in LCTOP support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions. The program is administered by Caltrans in coordination with Air Resource Board (ARB) and the State Controller’s Office (SCO).

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE K – OTHER STATE GRANT PROGRAMS (Continued):

The District received \$439,053 and \$260,189 during the years ended June 30, 2023 and 2022 for fare replacement and zero emission electric buses. As of June 30, LCTOP funds received and expended were verified in the course of the audit as follows:

	2023	2022
Unexpended proceeds, beginning of year	\$ 1,272,396	\$ 1,040,828
Revenue received	439,053	260,189
Investment earnings (loss)	25,728	(28,621)
Expenses incurred:		
Fare replacement	(284,857)	
Unexpended proceeds, end of year	\$ 1,452,320	\$ 1,272,396

NOTE L – 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 \$2 million and \$100,000 for each occurrence for liability vehicle physical damage coverage, respectively. Employment practices liability coverage is through the Employment Risk Management Authority in the amount of \$1,000,000. The District also has excess liability coverage through private insurance for an additional \$23,000,000 for liability coverage and \$24,900,000 for vehicle physical damage for a total of \$25 million per occurrence each. The District has no deductible for its liability policy and a deductible of \$500 to \$10,000 for the vehicle physical damage policy. The District has excess liability coverage for the employment practices policy of \$2,000,000 for each occurrence and a \$4,000,000 aggregate limit. The District has a \$50,000 deductible for the policy. Settled claims resulting from all risks have not exceeded the District's commercial insurance coverage. Reductions in insurance coverage in the past three years include a reduction of total pooled and private insurance limits for the liability program from \$40 million to \$25 million during 2021. CalTIP may be contacted at 1750 Creekside Drive, Suite 200, Sacramento, California 95833 or at www.caltiponline.org.

NOTE M – 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 N – COMMITMENTS AND CONTINGENCIES

Grant Contingency: 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.

Legal Contingencies: 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

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE N – COMMITMENTS AND CONTINGENCIES (Continued)

not have a material adverse effect on the financial position or results of operations of the District.

Contract Commitments: On July 19, 2018, the District entered into a seven-year agreement with Transdev to provide transit services. The amounts payable to Transdev for the period of August 1, 2018 through July 31, 2025 was originally not to exceed \$71,555,394 and was revised to \$66,048,898 under contract amendment number 2 approved in November 2021 using current service levels. The remaining balance of the contract at June 30, 2023 and 2022 under contract amendment number 2 using current service levels was \$10,487,891 and \$19,852,433, respectively. This agreement, upon approval from the District, may be extended for up to five additional years from August 1, 2025 through July 31, 2030 at an amount not to exceed \$52,612,280 under contract amendment number 2 using current service levels.

Other Commitments: On December 14, 2018, the California Air Resources Board adopted Resolution 18-60 which enacted mandates that beginning January 1, 2026, twenty-five percent of the District's new bus purchases in each calendar year must be zero-emission buses and beginning January 1, 2029 all new District bus purchases must be zero-emission buses. The District approved a Zero-emission Bus Rollout Plan in June 2023 that indicates the estimated total cost to replace the District's buses, paratransit vehicles and microtransit vehicles will be approximately \$82,650,000 through 2040. In addition, charging infrastructure, energy storage and other improvements will need to be made under the plan.

On December 12, 2022, the Board of Directors approved negotiating a sole source contract with Trillium for a CNG fuel dispenser for an amount not to exceed \$300,000 due to Trillium's unique understanding of the underground piping, controls and software and to reduce the time the fueling station is nonoperational. The procurement will use Woodland UZA 5339 federal funding.

On December 12, 2022, the Board of Directors approved Resolution 2022-23 authorizing assignment #20-01-0783 from the California Association for Coordinated Transportation (CalACT) to allow use of a procurement conducted for Morongo Basin Transit Authority for the purchase of four wheelchair accessible vans at a cost not to exceed \$636,646 and approved Resolution 2022-24 to approve a contract for the purchase of four Ford Transit Vans with bus doors for an amount not to exceed \$414,964 to serve as the microtransit fleet. Funding includes Woodland UZA 5307 funds and existing STA funding on hand.

NOTE O – 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 and charges a user fee for fuel charges. 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 \$26,109 and \$57,552 for the years ended June 30, 2023 and 2022, respectively.

NOTE P – SUBSEQUENT EVENTS

In November 2023, the Board of Directors authorized an agreement with WSP USA, Inc. up to \$537,100 to implement the next phase of the Tolling Advance Planning process for the Yolo 80 Managed Lanes Project. The project is a freeway expansion initiative aimed at enhancing traffic flow within the I-80 corridor on the west side of the Sacramento-Yolo metropolitan area. This comprehensive project encompasses multiple components, including the introduction of approximately 17 miles of tolled managed lanes, new lane construction, intelligent transportation system (ITS) enhancements, and improvements to cycling and pedestrian facilities. SACOG awarded the District a \$2,000,000 Regional Funding Transformative Grant for the project in June 2023.

In December 2023, the Board of Directors approved a Joint Exercise of Powers Agreement (the Agreement) to create the Capital Area Regional Tolling Authority with SACOG and the California Department of Transportation (CALTRANS) for the purpose of developing and operating toll facilities throughout the region, including the Yolo 80 Managed Lanes Project.

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REQUIRED SUPPLEMENTARY INFORMATION

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YOLO COUNTY TRANSPORTATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

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

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability at measurement date	0.03227%	0.04209%	0.03149%	0.03123%	0.03102%	0.03066%	0.03082%	0.03277%	0.03100%
Proportionate share of the net pension liability	\$ 1,510,040	\$ 799,299	\$ 1,328,227	\$ 1,250,443	\$ 1,169,092	\$ 1,208,539	\$ 1,070,526	\$ 899,146	\$ 766,359
Covered - employee payroll for measurement period	\$ 842,774	\$ 800,368	\$ 833,828	\$ 835,543	\$ 868,639	\$ 829,909	\$ 688,885	\$ 629,657	\$ 623,001
Proportionate share of the net pension liability as percentage of covered payroll	179.17%	99.87%	159.29%	149.66%	134.59%	145.62%	155.40%	142.80%	123.01%
Plan fiduciary net position	\$ 4,212,793	\$ 4,299,658	\$ 3,666,769	\$ 3,385,880	\$ 3,288,483	\$ 2,941,348	\$ 2,750,531	\$ 2,694,045	\$ 2,478,946
Plan fiduciary net position as a percentage of the total pension liability	73.61%	84.32%	73.41%	73.03%	73.77%	70.88%	71.98%	74.98%	76.39%
Notes to Schedule:									
Changes in assumptions:									
Discount rate changes in accounting valuation	6.90%	7.15%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%

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

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution during employer's fiscal year (actuarially determined)	\$ 299,979	\$ 209,857	\$ 180,897	\$ 179,921	\$ 155,826	\$ 149,656	\$ 138,557	\$ 123,865	\$ 134,229
Contributions in relation to the actuarially determined contributions	(299,979)	(209,857)	(180,897)	(179,921)	(155,826)	(149,656)	(138,557)	(123,865)	(134,229)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll for employer's fiscal year	\$ 1,283,991	\$ 842,774	\$ 800,368	\$ 833,828	\$ 835,543	\$ 868,639	\$ 829,909	\$ 688,885	\$ 629,657
Contributions as a percentage of covered - employee payroll	23.36%	24.90%	22.60%	21.58%	18.65%	17.23%	16.70%	17.98%	21.32%
Notes to Schedule:									
Valuation date:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Valuation date:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date:	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Methods and assumptions used to determine contribution rates:									
Actuarial cost method					Entry age normal cost method				
Amortization method					Level percentage of payroll, closed				
Remaining amortization period					Varies, not more than 30 years				
Asset valuation method					Market value				
Inflation	2.500%	2.500%	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases					Varies depending on entry age and service				
Investment rate of return and discount rate	7.00%	7.00%	7.00%	7.250%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age					50-67 Years. Probabilities of retirement are based on the most recent CalPERS Experience Study				
Mortality					Most recent CalPERS Experience Study				

Omitted Years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Future years will be reported prospectively as they become available.

YOLO COUNTY TRANSPORTATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)

For the Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 31,671	\$ 60,360	\$ 58,602	\$ 43,073	\$ 39,508	\$ 38,264
Interest	62,960	68,530	62,422	65,631	60,354	55,162
Changes in benefit terms		(74,716)				
Differences between expected and actual experience		(15,164)		(134,011)		
Changes in assumptions		90,331		(3,816)	27,647	
Benefit payments	(76,132)	(35,713)	(35,325)	(29,178)	(22,747)	(23,359)
Net change in total OPEB liability	18,499	93,628	85,699	(58,301)	104,762	70,067
Total OPEB liability - beginning	1,030,128	936,500	850,801	909,102	804,340	734,273
Total OPEB liability - ending (a)	<u>\$ 1,048,627</u>	<u>\$ 1,030,128</u>	<u>\$ 936,500</u>	<u>\$ 850,801</u>	<u>\$ 909,102</u>	<u>\$ 804,340</u>
Plan fiduciary net position						
Contributions - employer	\$ 76,132	\$ 93,267	\$ 83,559	\$ 138,178	\$ 108,591	\$ 50,008
Net investment income	(191,692)	296,879	35,056	52,327	54,185	44,697
Benefit payments	(76,132)	(35,713)	(35,325)	(29,178)	(22,747)	(23,359)
Investment experience						21,219
Administrative expenses	(363)	(408)	(487)	(179)	(1,293)	(337)
Net change in plan fiduciary net position	(192,055)	354,025	82,803	161,148	138,736	92,228
Plan fiduciary net position - beginning	1,432,291	1,078,266	995,463	834,315	695,579	603,351
Plan fiduciary net position - ending (b)	<u>\$ 1,240,236</u>	<u>\$ 1,432,291</u>	<u>\$ 1,078,266</u>	<u>\$ 995,463</u>	<u>\$ 834,315</u>	<u>\$ 695,579</u>
Net OPEB liability (asset) - ending (a)-(b)	<u>\$ (191,609)</u>	<u>\$ (402,163)</u>	<u>\$ (141,766)</u>	<u>\$ (144,662)</u>	<u>\$ 74,787</u>	<u>\$ 108,761</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>118.27%</u>	<u>139.04%</u>	<u>115.14%</u>	<u>117.00%</u>	<u>91.77%</u>	<u>86.48%</u>
Covered-employee payroll - measurement period	<u>\$ 1,005,452</u>	<u>\$ 880,557</u>	<u>\$ 875,236</u>	<u>\$ 873,424</u>	<u>\$ 871,734</u>	<u>\$ 873,200</u>
Net OPEB liability as percentage of covered-employee payroll	<u>-19.06%</u>	<u>-45.67%</u>	<u>-16.20%</u>	<u>-16.56%</u>	<u>8.58%</u>	<u>12.46%</u>
Notes to schedule:						
Valuation date	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Benefit changes	None	None	None	None	None	None
Changes in assumptions - discount rate change	6.15%	6.15%	7.00%	7.00%	7.00%	7.25%

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

YOLO COUNTY TRANSPORTATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)
LAST TEN FISCAL YEARS

For the Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution - employer fiscal year	\$ -	\$ 3,816	\$ 92,089	\$ 83,559	\$ 80,978	\$ 79,191
Contributions in relation to the actuarially determined contributions	<u>(26,834)</u>	<u>(76,132)</u>	<u>(93,267)</u>	<u>(83,559)</u>	<u>(138,178)</u>	<u>(108,591)</u>
Contribution deficiency (excess)	<u>\$ (26,834)</u>	<u>\$ (72,316)</u>	<u>\$ (1,178)</u>	<u>\$ -</u>	<u>\$ (57,200)</u>	<u>\$ (29,400)</u>
Covered-employee payroll - employer fiscal year	\$ 1,320,178	\$ 1,005,452	\$ 880,557	\$ 875,236	\$ 873,424	\$ 871,734
Contributions as a percentage of covered-employee payroll	2.03%	7.57%	10.59%	9.55%	15.82%	12.46%
Notes to Schedule:						
Valuation date	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Methods and assumptions used to determine contribution rates:						
Actuarial cost method			Entry Age Normal Cost Method			
Amortization method/period			Level percentage of payroll, closed			
Asset valuation method			Market value			
Discount rate - actuarially determined contributions	6.15%	6.15%	5.75%	5.75%	5.75%	5.75%
Discount rate - accounting	6.15%	7.00%	7.00%	7.00%	7.00%	7.25%
Inflation	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%
Salary increases	3.00%	3.00%	3.00%	3.00%	3.25%	3.25%
Retirement age			50 to 75 years			
Mortality			Latest CalPERS Experience Study			
Mortality improvement - MacLeod Watts Scale Generationally	2022	2022	2018	2017	2017	2017
Healthcare trend rates	5.8% in 2023, grading down to 3.9%	5.8% in 2023, grading down to 3.9%	5.4% initially, trending down to 4.0%	5.4% initially trending down to 4.0%	7.5% initially, trending down to 5.0%	7.5% initially, trending down to 5.0%
Participation assumption	100%	100%	100%	100%	100%	100%

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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SUPPLEMENTARY INFORMATION

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YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING STATEMENT OF NET POSITION

June 30, 2023

	Fixed Route Service	ADA/Paratransit Service	Total	Eliminating Entries	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 11,556,063	\$ 236,776	\$ 11,792,839		\$ 11,792,839
Due from Other Governments	3,727,572	344,034	4,071,606		4,071,606
Due from Other Funds	391,303	143,165	534,468	\$ (534,468)	
Accounts Receivable	392,493	5,850	398,343		398,343
TOTAL CURRENT ASSETS	16,067,431	729,825	16,797,256	(534,468)	16,262,788
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents	1,882,575	26,539	1,909,114		1,909,114
Other Postemployment Benefits Asset	191,609		191,609		191,609
Capital Assets:					
Nondepreciable	465,000		465,000		465,000
Depreciable, Net	18,886,528	140,995	19,027,523		19,027,523
Total Capital Assets, Net	19,351,528	140,995	19,492,523		19,492,523
TOTAL NONCURRENT ASSETS	21,425,712	167,534	21,593,246		21,593,246
TOTAL ASSETS	37,493,143	897,359	38,390,502	(534,468)	37,856,034
DEFERRED OUTFLOWS OF RESOURCES					
Pension Plan	772,553		772,553		772,553
Other Postemployment Benefits Plan	212,555		212,555		212,555
TOTAL DEFERRED OUTFLOWS OF RESOURCES	985,108		985,108		985,108
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 38,478,251	\$ 897,359	\$ 39,375,610	\$ (534,468)	\$ 38,841,142
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
CURRENT LIABILITIES					
Accounts Payable	\$ 2,628,453	\$ 462,790	\$ 3,091,243		\$ 3,091,243
Accrued Wages	58,249		58,249		58,249
Due to Other Governments	1,142,779		1,142,779		1,142,779
Unearned Revenue	1,452,320		1,452,320		1,452,320
Due to Other Funds	143,165	391,303	534,468	\$ (534,468)	
Accrued Compensated Absences	56,704		56,704		56,704
TOTAL CURRENT LIABILITIES	5,481,670	854,093	6,335,763	(534,468)	5,801,295
NONCURRENT LIABILITIES					
Accrued Compensated Absences	14,390		14,390		14,390
Net Pension Liability	1,510,040		1,510,040		1,510,040
TOTAL NONCURRENT LIABILITIES	1,524,430		1,524,430		1,524,430
TOTAL LIABILITIES	7,006,100	854,093	7,860,193	(534,468)	7,325,725
DEFERRED INFLOWS OF RESOURCES					
Pension Plan	151,111		151,111		151,111
Other Postemployment Benefits Plan	85,847		85,847		85,847
TOTAL DEFERRED INFLOWS OF RESOURCES	236,958		236,958		236,958
NET POSITION					
Net Investment in Capital Assets	19,076,056	140,995	19,217,051		19,217,051
Restricted for Equipment Replacement and Capital Projects	430,255	26,539	456,794		456,794
Restricted for Capital Purposes - State Transit Assistance	618,987		618,987		618,987
Restricted for Yolo Transit Management Association					
Unrestricted	11,109,895	(124,268)	10,985,627		10,985,627
TOTAL NET POSITION	31,235,193	43,266	31,278,459		31,278,459
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 38,478,251	\$ 897,359	\$ 39,375,610	\$ (534,468)	\$ 38,841,142

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING STATEMENT OF NET POSITION

June 30, 2022

	Fixed Route Service	ADA/Paratransit Service	Total	Eliminating Entries	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 9,079,595	\$ 431,833	\$ 9,511,428		\$ 9,511,428
Due from Other Governments	2,530,268	30,156	2,560,424		2,560,424
Due from Other Funds		42,555	42,555	\$ (42,555)	
Accounts Receivable	223,820	74,164	297,984		297,984
TOTAL CURRENT ASSETS	11,833,683	578,708	12,412,391	(42,555)	12,369,836
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents	1,738,821	25,984	1,764,805		1,764,805
Other Posemployment Benefits Asset	402,163		402,163		402,163
Capital Assets:					
Nondepreciable	465,000		465,000		465,000
Depreciable, net	20,408,698	361,143	20,769,841		20,769,841
Total Capital Assets, Net	20,873,698	361,143	21,234,841		21,234,841
TOTAL NONCURRENT ASSETS	23,014,682	387,127	23,401,809		23,401,809
TOTAL ASSETS	34,848,365	965,835	35,814,200	(42,555)	35,771,645
DEFERRED OUTFLOWS OF RESOURCES					
Pension Plan	325,059		325,059		325,059
Other Postemployment Benefits Plan	168,111		168,111		168,111
TOTAL DEFERRED OUTFLOWS OF RESOURCES	493,170		493,170		493,170
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 35,341,535	\$ 965,835	\$ 36,307,370	\$ (42,555)	\$ 36,264,815
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
CURRENT LIABILITIES					
Accounts Payable	\$ 1,429,433	\$ 275,994	\$ 1,705,427		\$ 1,705,427
Accrued Wages	36,945		36,945		36,945
Due to Other Governments	333,544	25,648	359,192		359,192
Unearned Revenue	1,272,396		1,272,396		1,272,396
Due to Other Funds	42,555		42,555	\$ (42,555)	
Accrued Compensated Absences	44,129		44,129		44,129
TOTAL CURRENT LIABILITIES	3,159,002	301,642	3,460,644	(42,555)	3,418,089
NONCURRENT LIABILITIES					
Accrued Compensated Absences	5,601		5,601		5,601
Net Pension Liability	799,299		799,299		799,299
TOTAL NONCURRENT LIABILITIES	804,900		804,900		804,900
TOTAL LIABILITIES	3,963,902	301,642	4,265,544	(42,555)	4,222,989
DEFERRED INFLOWS OF RESOURCES					
Pension Plan	718,369		718,369		718,369
Other Postemployment Benefits Plan	253,504		253,504		253,504
TOTAL DEFERRED INFLOWS OF RESOURCES	971,873		971,873		971,873
NET POSITION					
Net Investment in Capital Assets	20,873,698	361,143	21,234,841		21,234,841
Restricted for Equipment Replacement and Capital Projects	433,577	25,984	459,561		459,561
Restricted for Capital Purposes - State Transit Assistance	393,838		393,838		393,838
Unrestricted	8,704,647	277,066	8,981,713		8,981,713
TOTAL NET POSITION	30,405,760	664,193	31,069,953		31,069,953
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 35,341,535	\$ 965,835	\$ 36,307,370	\$ (42,555)	\$ 36,264,815

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

For the Year Ended June 30, 2023

	Fixed Route Service	ADA/Paratransit Service	Total
OPERATING REVENUE			
Passenger Fares	\$ 851,050	\$ 114,970	\$ 966,020
Special Fares	1,908,356	181,747	2,090,103
TOTAL OPERATING REVENUE	2,759,406	296,717	3,056,123
OPERATING EXPENSES			
Purchased Transportation	8,004,727	1,628,915	9,633,642
Salaries and Benefits	1,388,132	309,210	1,697,342
Insurance	706,552	103,038	809,590
Vehicle Fuel	1,239,953	168,756	1,408,709
Other Services and Supplies	761,673	70,203	831,876
Depreciation	2,132,773	239,870	2,372,643
TOTAL OPERATING EXPENSES	14,233,810	2,519,992	16,753,802
NET LOSS FROM OPERATIONS	(11,474,404)	(2,223,275)	(13,697,679)
NONOPERATING REVENUES (EXPENSES)			
Federal Transit Administration Grants:			
Operating Grants	3,479,458	342,891	3,822,349
Local Transportation Fund and State Transit Assistance Allocation			
	7,319,000	1,241,000	8,560,000
Low Carbon Fuel Credits	98,907		98,907
Investment Revenue	165,616	555	166,171
Auxiliary Transportation	748,238		748,238
State Grants	284,827		284,827
Other Nonoperating Revenues	104,033		104,033
Cost of Fuel Sales to External Parties	(586,971)		(586,971)
Highway 80 Managed Lanes Project	(109,367)		(109,367)
Other Pass-through Grants to Other Governments	(24,000)		(24,000)
Gain (Loss) on Disposal of Capital Assets	(3,650)		(3,650)
TOTAL NONOPERATING REVENUES (EXPENSES)	11,476,091	1,584,446	13,060,537
NET LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,687	(638,829)	(637,142)
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Federal Transit Administration Grant	433,039	17,902	450,941
State Transit Assistance	394,707		394,707
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	827,746	17,902	845,648
CHANGE IN NET POSITION	829,433	(620,927)	208,506
Net Position at Beginning of Year	30,405,760	664,193	31,069,953
NET POSITION AT END OF YEAR	\$ 31,235,193	\$ 43,266	\$ 31,278,459

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

For the Year Ended June 30, 2022

	Fixed Route Service	ADA/Paratransit Service	Total
OPERATING REVENUE			
Passenger Fares	\$ 792,969	\$ 47,623	\$ 840,592
Special Fares	1,848,582	116,924	1,965,506
TOTAL OPERATING REVENUE	2,641,551	164,547	2,806,098
OPERATING EXPENSES			
Purchased Transportation	7,319,713	1,518,849	8,838,562
Salaries and Benefits	1,263,221	225,442	1,488,663
Insurance	692,841	179,178	872,019
Vehicle Fuel	986,787	129,872	1,116,659
Other Services and Supplies	740,393	88,605	828,998
Depreciation	2,185,148	240,457	2,425,605
TOTAL OPERATING EXPENSES	13,188,103	2,382,403	15,570,506
NET LOSS FROM OPERATIONS	(10,546,552)	(2,217,856)	(12,764,408)
NONOPERATING REVENUES (EXPENSES)			
Federal Transit Administration Grants:			
Operating Grants	2,024,345		2,024,345
Local Transportation Fund and State Transit			
Assistance Allocation	5,078,863	1,985,759	7,064,622
Federal Fuel Excise Tax Refund	240,674		240,674
Low Carbon Fuel Credits	74,001		74,001
Interest Revenue	(190,720)	(8,360)	(199,080)
Auxiliary Transportation	411,774		411,774
Other Nonoperating Revenues	220,146		220,146
Cost of Fuel Sales to External Parties	(248,327)		(248,327)
Other Pass-through Grants to Other Governments	(24,000)		(24,000)
Return of CalOES Revenue to State	(33,755)		(33,755)
TOTAL NONOPERATING REVENUES (EXPENSES)	7,553,001	1,977,399	9,530,400
NET LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(2,993,551)	(240,457)	(3,234,008)
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Federal Transit Administration Grant	112,592		112,592
State Transit Assistance	275,466		275,466
State of Good Repair	215,566		215,566
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	603,624		603,624
CHANGE IN NET POSITION	(2,389,927)	(240,457)	(2,630,384)
Net Position at Beginning of Year	32,795,687	904,650	33,700,337
NET POSITION AT END OF YEAR	\$ 30,405,760	\$ 664,193	\$ 31,069,953

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF CASH FLOWS

For the Year Ended June 30, 2023

	Fixed Route Service	ADA/Paratransit Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts From Customers	\$ 1,705,926	\$ 327,705	\$ 2,033,631
Cash Paid to Suppliers for Goods and Services	(9,217,471)	(1,809,764)	(11,027,235)
Cash Paid to Employees for Services	(1,651,022)	(309,210)	(1,960,232)
NET CASH USED FOR OPERATING ACTIVITIES	(9,162,567)	(1,791,269)	(10,953,836)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants and Subsidies	11,083,285	1,307,339	12,390,624
Pass-through Payments	(24,000)		(24,000)
Other Income	1,167,746		1,167,746
Internal Receipts (Payments)	(290,693)	290,693	
Other Expenses	(696,338)		(696,338)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	11,240,000	1,598,032	12,838,032
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions Received	715,954	17,902	733,856
Acquisition of Capital Assets	(338,781)	(19,722)	(358,503)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	377,173	(1,820)	375,353
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Pooled Investments	165,616	555	166,171
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	165,616	555	166,171
INCREASE IN CASH AND CASH EQUIVALENTS	2,620,222	(194,502)	2,425,720
Cash and Cash Equivalents at Beginning of Year	10,818,416	457,817	11,276,233
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 13,438,638</u>	<u>\$ 263,315</u>	<u>\$ 13,701,953</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING STATEMENT OF NET POSITION			
Cash and Cash Equivalents	\$ 11,556,063	\$ 236,776	\$ 11,792,839
Restricted Cash and Cash Equivalents	1,882,575	26,539	1,909,114
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 13,438,638</u>	<u>\$ 263,315</u>	<u>\$ 13,701,953</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:			
Net Loss From Operations	\$ (11,474,404)	\$ (2,223,275)	\$ (13,697,679)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:			
Depreciation	2,132,773	239,870	2,372,643
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:			
Accounts Receivable and Due from Other Governments	(1,290,829)	30,988	(1,259,841)
Deferred Outflows of Resources - OPEB Plan	(44,444)		(44,444)
Deferred Outflows of Resources - Pension Plan	(447,494)		(447,494)
Accounts Payable and Due to Other Governments	1,732,783	161,148	1,893,931
Accrued Wages	21,304		21,304
Accrued Compensated Absences	21,364		21,364
Net OPEB Asset/Liability	210,554		210,554
Net Pension Liability	710,741		710,741
Deferred Inflows of Resources - OPEB Plan	(167,657)		(167,657)
Deferred Inflows of Resources - Pension Plan	(567,258)		(567,258)
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (9,162,567)</u>	<u>\$ (1,791,269)</u>	<u>\$ (10,953,836)</u>

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF CASH FLOWS

For the Year Ended June 30, 2022

	Fixed Route Service	ADA/Paratransit Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts From Customers	\$ 2,600,490	\$ 135,683	\$ 2,736,173
Cash Paid to Suppliers for Goods and Services	(9,055,803)	(1,804,039)	(10,859,842)
Cash Paid to Employees for Services	(1,255,313)	(225,442)	(1,480,755)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(7,710,626)</u>	<u>(1,893,798)</u>	<u>(9,604,424)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants and Subsidies	7,103,208	2,541,283	9,644,491
Pass-through Payments	(24,000)		(24,000)
Other Income	3,556,769		3,556,769
Internal Receipts (Payments)	327,733	(327,733)	
Other Expenses	(282,082)		(282,082)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>10,681,628</u>	<u>2,213,550</u>	<u>12,895,178</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions Received	574,809	119,890	694,699
Acquisition of Capital Assets	(419,680)		(419,680)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>155,129</u>	<u>119,890</u>	<u>275,019</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Pooled Investments	(190,720)	(8,360)	(199,080)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(190,720)</u>	<u>(8,360)</u>	<u>(199,080)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	2,935,411	431,282	3,366,693
Cash and Cash Equivalents at Beginning of Year	<u>7,883,005</u>	<u>26,535</u>	<u>7,909,540</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 10,818,416</u>	<u>\$ 457,817</u>	<u>\$ 11,276,233</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING STATEMENT OF NET POSITION			
Cash and Cash Equivalents	\$ 9,079,595	\$ 431,833	\$ 9,511,428
Restricted Cash and Cash Equivalents	1,738,821	25,984	1,764,805
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 10,818,416</u>	<u>\$ 457,817</u>	<u>\$ 11,276,233</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:			
Net Loss From Operations	\$ (10,546,552)	\$ (2,217,856)	\$ (12,764,408)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:			
Depreciation	2,185,148	240,457	2,425,605
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:			
Accounts Receivable and Due from Other Governments	(43,615)	(28,864)	(72,479)
Deferred Outflows of Resources - OPEB Plan	(27,822)		(27,822)
Deferred Outflows of Resources - Pension Plan	(1,535)		(1,535)
Accounts Payable and Due to Other Governments	686,485	112,465	798,950
Accrued Wages	11,024		11,024
Accrued Compensated Absences	(31,587)		(31,587)
Net OPEB Asset/Liability	(260,397)		(260,397)
Net Pension Liability	(528,928)		(528,928)
Deferred Inflows of Resources - OPEB Plan	147,363		147,363
Deferred Inflows of Resources - Pension Plan	699,790		699,790
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (7,710,626)</u>	<u>\$ (1,893,798)</u>	<u>\$ (9,604,424)</u>

COMPLIANCE REPORTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, THE
TRANSPORTATION DEVELOPMENT ACT AND OTHER STATE PROGRAM GUIDELINES

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the of Yolo County Transportation District (the District), and its fiduciary fund as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 25, 2024.

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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters (including Other State Grant Programs)

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

To the Board of Directors
Yolo County Transportation District

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, the TDA or other state grant program requirements that are reported as Findings 2023-002, 2023-003 and 2023-004 in the accompanying schedule of findings and questioned costs.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on the response.

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 other state grant programs in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

March 25, 2024

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

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

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited the Yolo County Transportation District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. 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.

Qualified Opinion on AL 20.507, Federal Transit Formula Grants

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the District complied, in all material respects, with the 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, 2023.

Basis for Qualified Opinion

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on AL 20.507, Federal Transit Formula Grants

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding AL 20.507, Federal Transit Formula Grants, described as Finding 2023-003 for Activities Allowed or Unallowed and Allowable Costs/Cost Principles and Finding 2023-004 for Procurement, Suspension & Debarment.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

To the Board of Directors
Yolo County Transportation District

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Findings 2023-003 and 2023-004. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control

To the Board of Directors
Yolo County Transportation District

over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

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, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2023-003 and 2023-004 to be material weaknesses.

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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Richardson & Company, LLP

March 25, 2024

YOLO COUNTY TRANSPORTATION DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2023

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 | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 3. Noncompliance material to financial statements noted? | Yes |

Federal Awards

- | | |
|---|-----------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditor’s report issued on compliance for major programs: | Qualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | Yes |

4. Identification of major programs:

<u>Federal Assistance Listing (AL) Number</u>	<u>Name of Federal Program</u>
20.507	Federal Transit Formula Grants

- | | |
|---|-----------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$750,000 |
| 6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.516(a)? | Yes |

B. CURRENT YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Finding 2023-001 – Material Weakness

Condition: Over 30 audit adjustments and closing entries were posted during the audit.

YOLO COUNTY TRANSPORTATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2023

Criteria: Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for 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 error or fraud.

Cause: The District's closing procedures did not identify the adjustments needed.

Effect: Numerous entries were necessary to report the financial statement in accordance with GAAP.

Context: The District implemented a new accounting system during the year, which resulted in a number of prior year receivables and payables not being reversed. We also noted differences in the allocation of costs to federal grants that resulted in a reversal of grant revenues as described in Finding 2023-002.

Recommendation: We recommend the District use a closing checklist to ensure all necessary closing entries are identified during the closing period, with an emphasis on receivables and payables.

Views of Responsible Officials and Planned Corrective Actions: Management's response and planned corrective action is included in the Corrective Action Plan included at the end of the report.

REPORT ON COMPLIANCE AND OTHER MATTERS

Finding 2023-002

Condition: The District overclaimed LTF operating funds by \$1,351,269 during the year.

Criteria: According to Section 6634 of the California Code of Regulations, no operator shall be eligible to receive moneys during the fiscal year from the LTF and the STA Fund for operating or capital costs in an amount that exceeds its actual costs incurred in the fiscal year less the actual amount of fare revenues and federal grants received during the fiscal year. In addition, once an amount has been claimed for a particular purpose and has been approved by SACOG, the amount is required to be spent for the approved purpose unless an amended allocation is made under Section 6659 of the California Code of Regulations.

Cause: It appears expenses were under budget.

Effect: The amounts over-claimed resulted in excess net position that may need to be used for future expenditures before additional TDA revenues are claimed if requested by SACOG. The District's unrestricted net position exceeds the 3-6 months of operating expenses less depreciation used by SACOG as a rule of thumb as adequate to protect against unexpected expenses or a delay in the receipt of grant revenues.

Recommendation: We recommend the District discuss the level of unrestricted net position with SACOG to determine whether future claims need to be reduced use some of the unrestricted net position resulting from overclaimed LTF and STA revenues.

Views of Responsible Officials and Planned Corrective Actions: Management's response and planned corrective action is included in the Corrective Action Plan included at the end of the report.

See also finding 2023-003 described under the CURRENT YEAR FINDINGS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT section of the Schedule of Findings and Questioned Costs below.

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

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM

YOLO COUNTY TRANSPORTATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2023

Finding 2023-003 – Material Weakness

AL No: 20.507

Federal Grantor: U.S. Department of Transportation, Federal Transit Administration, Federal Transit Formula Grants - Direct Award

Compliance Requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

Condition: The District’s internal controls over compliance requirements did not identify ineligible costs applied to four separate Federal Transit Administration (FTA) grants as follows.

- Section 5307 Grant Award CA-2020-173-01: The District overclaimed Route 42 and Woodland fixed route operating expenses that should have been reimbursed by a local match as required by other FTA grants applied to the same routes, resulting in ineligible costs of \$1,073,260 being charged to the program.

Questioned Costs: \$1,073,260.

- Section 5307 Grant Award CA-2022-140-01: The District overclaimed Route 42 expansion fixed route operating expenses that should have been reimbursed by a local match as the wrong federal percentage was applied in the claims, resulting in ineligible costs of \$33,129 being charged to the program.

Questioned Costs: \$33,129.

- Section 5307 Grant Award CA-2022-147-04: The District overclaimed communication expenses for Woodland paratransit operating routes, resulting in ineligible costs of \$12,513 being charged to the program.

Questioned Costs: Ineligible costs were below the \$25,000 floor for questioned costs under 2 CFR Part 200, Subpart F (Uniform Guidance), Section 200.516.

- Section 5307 Grant Awards CA-2022-204-01 and CA-2021-162-03: The District claimed engine overhaul expenses that did not qualify as preventative maintenance costs allowed by the terms and conditions of the grant, resulting in ineligible costs of \$17,902 being charged to the program.

Questioned Costs: Ineligible costs were below the \$25,000 floor for questioned costs under 2 CFR Part 200, Subpart F (Uniform Guidance), Section 200.516.

Criteria: 2 CFR Part 200, Subpart E (Uniform Guidance) Section 200.303 states that “The nonfederal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

Cause: Several federal grants applied to these routes had local match requirements that were not captured by the District’s review procedures due to recent staff turnover and lack of documented procedures to track expenses charged to all funding sources combined. Not all paratransit operating expenses were reported and tracked separately in the allocation spreadsheet leading to expenses being double claimed under different grants for different purposes. This is due to the allocation spreadsheet not having a summary page totaling all expenses charged to programs to make sure the total expenses allocated agree to the total population of expenses allocated.

Effect: Expenses were charged to more than one grant when filing claims and ineligible costs were applied, resulting in the overclaimed amounts cited above.

Context: The ineligible costs were discovered through reconciliation of the operating expenses and capital costs from the claims to the general ledger. It was noted that the District did not have any FTA awards for capital maintenance during the year. The overclaimed amounts of \$1,073,260, \$33,129, and \$12,513 have been

YOLO COUNTY TRANSPORTATION DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2023

removed from revenue as the FTA has currently approved the District claiming the expenses under different grants. There were potentially additional operating expenses under Paratransit services that could have offset some of these overclaimed amounts. The ineligible costs of \$17,902 have been submitted to the FTA through a budget revision to allow for capital funding under the two related awards and is currently pending FTA approval.

Recommendation: We recommend the District develop written procedures for allocating expenses to routes and purposes used to claim expenses under federal grants and to track the different funding sources applied. A summary tab should be added to the allocation spreadsheet to sum amounts for each route computed on separate tabs on the spreadsheet to make it easier to reconcile total operating expenses, preventive maintenance, insurance, communications and other expenses allocated to the population of expenses in the general ledger.

View of Responsible Officials and Planned Corrective Action: Management's response and planned corrective action is included at the Corrective Action Plan end of this report.

Finding 2023-004 – Material Weakness

AL No: 20.507

Federal Grantor: U.S. Department of Transportation, Federal Transit Administration, Federal Transit Formula Grants - Direct Award.

Compliance Requirement: Procurement, Suspension and Debarment.

Condition: The District was unable to provide documentation that the procurement of the CNG tank replacement project for five Orion buses exceeding the simplified acquisition threshold of \$250,000 was approved by the Board. There is documentation that an invitation for bid (IFB) was released for the project, but only one bid was received and the District awarded the contract to the sole bidder. Missing documentation includes support of the rationale to approve the contract absent evidence of full and open competition. The District was also not able to provide the request for proposal for review.

Criteria: 2 CFR Part 200 Subpart E (Uniform Guidance) states the following:

- Section 200.318(a) states that “The non-federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or service required under a Federal award or subaward. The non-Federal entity’s documented procurement procedures must conform to the procurement standards identified in Sections 200.317 through 200.327.”
- Section 200.318(i) states that “The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.”
- Section 200.320(c) states that “There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the following circumstances apply: (1) The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold...; (2) The item is available only from a single source; (3) The public exigency or emergency for the retirement will not permit a delay resulting from publicizing a competitive solicitation; (4) The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or (5) After solicitation of a number of sources, competition is determined inadequate.”
- Section 200.324(a) states that “The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.”

YOLO COUNTY TRANSPORTATION DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2023

Cause: Staff turnover at the District and the need for the project to be completed by a certain date to avoid the buses losing certification led to the lack of adequate records being maintained.

Effect: The District was unable to prove it was in compliance with the Uniform Guidance regarding open competition on procurements.

Context: The CNG tank replacement needed to be completed by a certain timeframe in order for the buses to be operational, so not every step was documented. The awarded contract was signed on the date of a Board meeting, but the Board minutes did not document that this contract was reviewed nor approved by the Board.

Recommendation: We recommend the District establish a procurement folder on its server with subfolders for each individual procurement where documentation of each procurement is maintained, including advertising of the procurement, requests for proposals, proposals received, analysis of reasons for selecting the winning bid, executed contract, certifications by contractor if not part of proposal or executed contract, management report to board recommending which bid should be approved, board resolution approving the winning bid and for contracts under \$250,000 a memo or form documenting bids received and reason for selecting the bid, including reasons for not selecting the lowest bid if applicable. We also recommend training be provided to staff that work on procurements of the requirements under Uniform Guidance Section 2 CFR 200.318 to 200.326.

View of Responsible Officials and Planned Corrective Action: Management's response and planned corrective action is included at the Corrective Action Plan end of this report.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

See findings 2023-003 and 2023-004 above.

D. SCHEDULE OF PRIOR YEAR FINDINGS

FINANCIAL STATEMENT AUDIT

COMPLIANCE AND OTHER MATTERS

See finding 2022-001 described under the PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT section of the Schedule of Findings and Questioned Costs below.

MAJOR FEDERAL AWARD PROGRAMS AUDIT

Finding 2022-001 – Significant Deficiency

AL No: 20.507

Federal Grantor: U.S. Department of Transportation, Federal Transit Administration, Federal Transit Formula Grants - Direct Award

Award Nos.: All awards under Assistance List (AL) Number 20.507

Condition: The rate per revenue mile and rate per revenue hour as well as the actual billable hours and billable miles for one route used in the spreadsheet to compute eligible expenses under grant agreements were not consistently updated to agree to the transit contractor bills during the year, which resulted in hours and mileage based fixed costs, fuel, insurance, and communication expenses to be misallocated to eligible routes when calculating expenses eligible for reimbursement. In addition, fare revenues were allocated to routes using different denominators, resulting in a misallocation of fares subtracted from operating costs among routes when determining net expenses eligible for reimbursement. These issues were not identified by the District's review procedures.

Criteria: 2 CFR Part 200, Subpart E (Uniform Guidance) Section 200.303 states that "The nonfederal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable

YOLO COUNTY TRANSPORTATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2023

assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

Cause: The differences in the allocation spreadsheet were not identified by the District’s review procedures due to recent staff turnover and lack of documented procedures to allocate expenses to grant agreements.

Effect: Expenses were misallocated to individual routes and purposes, resulting in an overclaim of Woodland preventative maintenance expenses of \$12,268 under grant CA-2020-223-04.

Recommendation: We recommend the District develop written procedures for allocating expenses to routes and purposes used to claim expenses under federal grants, including what data should be input into the allocation spreadsheet, the formulas used to allocate each type of expense to routes, which expenses should be allocated to each route and purpose (operating, preventive maintenance, etc.) and which expenses may not be allocated to certain routes and purposes. A summary tab should be added to the spreadsheet to sum amounts for each route computed on separate tabs on the spreadsheet to make it easier to reconcile total operating expenses, preventive maintenance, insurance, communications and other expenses to the general ledger. The District should also contact the FTA to discuss how to address the \$12,268 amount overclaimed.

Current Status: Finding 2023-003 is a continuation of this finding.

YOLO COUNTY TRANSPORTATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing (AL) Number	Pass-through Entity Identifying Number	Program or Award Amount	Expenses
U.S. Department of Transportation, Federal Transit Administration				
Federal Transit Formula Grants - Direct Award				
CARES Act Operating Assistance and Planning	20.507		\$ 11,009,254	\$ 702,767
Operating Assistance, Route 42 "Y" Shuttle and CNG Bus Re-Tanking	20.507		1,811,000	508,234
Operating Assistance and Preventive Maintenance, Woodland Routes	20.507		1,316,000	770,326
Operating Assistance and Preventive Maintenance, Route 42 "Y" Shuttle	20.507		1,311,653	1,104,800
Operating Assistance and Preventive Maintenance, Woodland Routes	20.507		1,034,223	786,324
Operating Assistance, Sacramento "Beyond ADA" and City of Woodland East Main Street Bus Stop Pads	20.507		495,055	27,565
Total Direct Awards			<u>16,977,185</u>	<u>3,900,016</u>
Passed-through the Sacramento Regional Transit District				
Federal Transit Formula Grants				
UC Davis Medical Center Shuttle Operations	20.507	CA-2019-157-00	1,500,000	173,064
Total Federal Transit Formula Grants			<u>18,477,185</u>	<u>4,073,080</u>
Passed through the California Department of Transportation, Division of Rail & Mass Transportation				
Formula Grants for Rural Areas and Tribal Transit Program				
Rural Operating Assistance	20.509	64BA22-02095	200,210	200,210
Total Formula Grants for Rural Areas and Tribal Transit Program			<u>200,210</u>	<u>200,210</u>
Total U.S. Department of Transportation, Federal Transit Administration			<u>18,677,395</u>	<u>4,273,290</u>
TOTAL FEDERAL AWARDS			<u>\$ 18,677,395</u>	<u>\$ 4,273,290</u>

See accompanying notes to schedule of expenditures of federal awards.

YOLO COUNTY TRANSPORTATION DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Yolo County Transportation District (the District) under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the District's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenses reported on the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST ALLOCATION PLAN

The District did not allocate any indirect costs to its federal programs.

NOTE D – SUBRECIPIENTS

There were no amounts passed through to subrecipients for the year ending June 30, 2023.

NOTE E – PRIOR YEAR EXPENSES REPORTED ON THE SEFA

The District reported engine rebuild expenses incurred during the year ended June 30, 2022 of \$26,256 on the SEFA for the year ended June 30, 2023 as the expenses were not approved by the awarding agency during the current year.

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March 28, 2024

Richardson & Company LLP
550 Howe Avenue, Suite 210
Sacramento, California 95825

Subject: Yolo County Transportation District (YCTD) FY 2022-2023 Single Audit Management Response and Corrective Action Plan

Finding 2023-001 – Material Weakness

Condition: Over 30 audit adjustments and closing entries were posted during the audit.

Criteria: Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for 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 error or fraud.

Cause: The District’s closing procedures did not identify the adjustments needed.

Effect: Numerous entries were necessary to report the financial statement in accordance with GAAP.

Context: The District implemented a new accounting system during the year, which resulted in a number of prior year receivables and payables not being reversed. We also noted differences in the allocation of costs to federal grants that resulted in a reversal of grant revenues as described in Finding 2023-002.

Recommendation: We recommend the District use a closing checklist to ensure all necessary closing entries are identified during the closing period, with an emphasis on receivables and payables.

Views of Responsible Officials and Planned Corrective Actions:

Management acknowledges the audit finding and agrees with the recommendation. The issues identified resulted from significant changes in the Finance department, specifically, implementing a new financial system, absorbing the Payroll and HR functions previously managed by the County, staff’s limited experience leading many of the year-end duties, and turnover in key positions. Management is committed to evaluating procedures, providing ongoing training, and addressing the issues by aligning our procedures and checklists with recent changes. We will establish a closing checklist with specific assigned duties and resources to ensure all necessary reconciliations and entries are identified and completed during the closing period.

Finding 2023-002

Condition: The District overclaimed LTF operating funds by \$1,351,269 during the year.

Criteria: According to Section 6634 of the California Code of Regulations, no operator shall be eligible to receive moneys during the fiscal year from the LTF and the STA Fund for operating or capital costs in an amount that exceeds its actual costs incurred in the fiscal year less the actual amount of fare revenues and federal grants received during the fiscal year. In addition, once an amount has been claimed for a particular purpose and has been approved by SACOG, the amount is required to be spent for the approved purpose unless an amended allocation is made under Section 6659 of the California Code of Regulations.

Cause: It appears expenses were under budget.

Effect: The amounts over-claimed resulted in excess net position that may need to be used for future expenditures before additional TDA revenues are claimed if requested by SACOG. The District's unrestricted net position exceeds the 3-6 months of operating expenses less depreciation used by SACOG as a rule of thumb as adequate to protect against unexpected expenses or a delay in the receipt of grant revenues.

Recommendation: We recommend the District discuss the level of unrestricted net position with SACOG to determine whether future claims need to be reduced use some of the unrestricted net position resulting from overclaimed LTF and STA revenues.

Views of Responsible Officials and Planned Corrective Actions:

Management agrees with the recommendation and acknowledges the importance of prudent monitoring and oversight of LTF and STA revenues. We are actively collaborating with the granting agency to offset the overclaimed funds with FY2023-2024 eligible expenses. The District is committed to promptly resolving this matter before submitting any additional claims.

Finding 2023-003 – Material Weakness

AL No: 20.507

Federal Grantor: U.S. Department of Transportation, Federal Transit Administration, Federal Transit Formula Grants - Direct Award

Compliance Requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

Condition: The District's internal controls over compliance requirements did not identify ineligible costs applied to four separate Federal Transit Administration (FTA) grants as follows.

- Section 5307 Grant Award CA-2020-173-01: The District overclaimed Route 42 and Woodland fixed route operating expenses that should have been reimbursed by a local match as required by other FTA grants applied to the same routes, resulting in ineligible costs of \$1,073,260 being charged to the program.

Questioned Costs: \$1,073,260.

- Section 5307 Grant Award CA-2022-140-01: The District overclaimed Route 42 expansion fixed route operating expenses that should have been reimbursed by a local match as the wrong federal percentage was applied in the claims, resulting in ineligible costs of \$33,129 being charged to the program.

Questioned Costs: \$33,129.

- Section 5307 Grant Award CA-2022-147-04: The District overclaimed communication expenses for Woodland paratransit operating routes, resulting in ineligible costs of \$12,513 being charged to the program.

Questioned Costs: Ineligible costs were below the \$25,000 floor for questioned costs under 2 CFR Part 200, Subpart F (Uniform Guidance), Section 200.516.

- Section 5307 Grant Awards CA-2022-204-01 and CA-2021-162-03: The District claimed engine overhaul expenses that did not qualify as preventative maintenance costs allowed by the terms and conditions of the grant, resulting in ineligible costs of \$17,902 being charged to the program.

Questioned Costs: Ineligible costs were below the \$25,000 floor for questioned costs under 2 CFR Part 200, Subpart F (Uniform Guidance), Section 200.516.

Criteria: 2 CFR Part 200, Subpart E (Uniform Guidance) Section 200.303 states that “The nonfederal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

Cause: Several federal grants applied to these routes had local match requirements that were not captured by the District’s review procedures due to recent staff turnover and lack of documented procedures to track expenses charged to all funding sources combined. Not all paratransit operating expenses were reported and tracked separately in the allocation spreadsheet leading to expenses being double claimed under different grants for different purposes. This is due to the allocation spreadsheet not having a summary page totaling all expenses charged to programs to make sure the total expenses allocated agree to the total population of expenses allocated.

Effect: Expenses were charged to more than one grant when filing claims and ineligible costs were applied, resulting in the overclaimed amounts cited above.

Context: The ineligible costs were discovered through reconciliation of the operating expenses and capital costs from the claims to the general ledger. It was noted that the District did not have any FTA awards for capital maintenance during the year. The overclaimed amounts of \$1,073,260, \$33,129, and \$12,513 have been removed from revenue as the FTA has currently approved the District claiming the expenses under different grants. There were potentially additional operating expenses under Paratransit services that could have offset some of these overclaimed amounts. The ineligible costs of \$17,902 have been submitted to the FTA through a budget revision to allow for capital funding under the two related awards and is currently pending FTA approval.

Recommendation: We recommend the District develop written procedures for allocating expenses to routes and purposes used to claim expenses under federal grants and to track the different funding sources applied. A summary tab should be added to the allocation spreadsheet to sum amounts for each route computed on separate tabs on the spreadsheet to make it easier to reconcile total operating expenses, preventive maintenance, insurance, communications and other expenses allocated to the population of expenses in the general ledger.

View of Responsible Officials and Planned Corrective Action:

Management acknowledges the audit finding and agrees with the recommendation. The District is taking immediate corrective action by training staff and seeking temporary assistance to support operations during ongoing training and improvement. While the new financial system aimed to enhance our processes and efficiencies, we recognize the need to modify the general ledger processes to better detect required transactions. The District will focus promptly on resolving these

issues to prevent future errors and oversights. Further, we will prioritize reviewing all grant award agreements and collaborating closely with our grant program coordinators to ensure compliance and accuracy in grant-related activities.

Finding 2023-004 – Material Weakness

AL No: 20.507

Federal Grantor: U.S. Department of Transportation, Federal Transit Administration, Federal Transit Formula Grants - Direct Award.

Compliance Requirement: Procurement, Suspension and Debarment.

Condition: The District was unable to provide documentation that the procurement of the CNG tank replacement project for five Orion buses exceeding the simplified acquisition threshold of \$250,000 was approved by the Board. There is documentation that an invitation for bid (IFB) was released for the project, but only one bid was received, and the District awarded the contract to the sole bidder. Missing documentation includes support of the rationale to approve the contract absent evidence of full and open competition. The District was also not able to provide the request for proposal for review.

Criteria: 2 CFR Part 200 Subpart E (Uniform Guidance) states the following:

- Section 200.318(a) states that “The non-federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or service required under a Federal award or subaward. The non-Federal entity’s documented procurement procedures must conform to the procurement standards identified in Sections 200.317 through 200.327.”
- Section 200.318(i) states that “The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.”
- Section 200.320(c) states that “There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the following circumstances apply: (1) The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold...; (2) The item is available only from a single source; (3) The public exigency or emergency for the retirement will not permit a delay resulting from publicizing a competitive solicitation; (4) The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or (5) After solicitation of a number of sources, competition is determined inadequate.”
- Section 200.324(a) states that “The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.”

Cause: Staff turnover at the District and the need for the project to be completed by a certain date to avoid the buses losing certification led to the lack of adequate records being maintained.

Effect: The District was unable to prove it was in compliance with the Uniform Guidance regarding open competition on procurements.

Context: The CNG tank replacement needed to be completed by a certain timeframe in order for the buses to be operational, so not every step was documented. The awarded contract was signed on the date of a Board meeting, but the Board minutes did not document that this contract was reviewed nor approved by the Board.

Recommendation: We recommend the District establish a procurement folder on its server with subfolders for each individual procurement where documentation of each procurement is maintained, including advertising of the procurement, requests for proposals, proposals received, analysis of reasons for selecting the winning bid, executed contract, certifications by contractor if not part of proposal or executed contract, management report to board recommending which bid should be approved, board resolution approving the winning bid and for contracts under \$250,000 a memo or form documenting bids received and reason for selecting the bid, including reasons for not selecting the lowest bid if applicable. We also recommend training be provided to staff that work on procurements of the requirements under Uniform Guidance Section 2 CFR 200.318 to 200.326.





View of Responsible Officials and Planned Corrective Action:

Management agrees with the recommendation and acknowledges the importance of complying with uniform guidance regarding open and competitive procurements. Due to key staff turnover, the District could not locate documentation for the CNG tank replacement procurement to prove compliance with uniform guidance. In addition, the reason the agreement was not brought to the Board for approval could not be determined by current staff. To address the issues, the District will review its procurement and documentation procedures in addition to establishing checklists to ensure compliance and proper records retention.

YCTD Contact Person Responsible for the Correction Actions; Chas Ann Fadrigio, Director of Finance & Administration/CFO, CFadrigio@yctd.org



Chas Ann Fadrigio
Director of Finance & Administration/CFO

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MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of Yolo County Transportation District (the District) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 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. We consider the following deficiency in internal control to be a material weakness:

As discussed in the compliance report, we identified over 30 audit adjustments and closing entries during the audit. The District should consider adding additional closing procedures and using a disclosure checklist to identify all entries during the closing process.

The following additional comments are provided for your consideration:

We noted the District entered into a subaward agreement during the year in which the City of Woodland is the subrecipient of an FTA grant passed through the District. As a pass-through entity of a federal award, the District must comply with certain requirements cited in 2 CFR part 200, Subpart F (Uniform Guidance) Section 200.331, including evaluating "each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring." We recommend the District create written subrecipient monitoring policies and procedures that includes steps to assess the subrecipient's risk of noncompliance and to document the monitoring procedures to be performed as a result of the assessment.

The District's benefits policy indicates that vacation, administrative leave, compensatory time off and floating holidays are payable at separation. We recommend the district sum these hours on the detail by

employee when preparing the compensated absences liability calculation for comparison to hours used in computing the liability.

The District has several minor receivable and payable amounts that rolled over from the previous accounting system that were likely paid and were still recorded as receivables and payables. The District should research the amounts and post adjusting entries to clear the receivables and payables.

We posted several closing entries for receivable and payables. The District should more thoroughly reconcile receivables and payables in preparation for the audit. Each prior year receivable and payable should be reviewed to determine whether received/paid and current year grants reconciled to qualifying expenses and the appropriate closing entry should be posted. Worksheets supporting the ending receivable and payable balances should include each material account and should indicate the grant number or vendor name and period of the receivable/payable to make it easier to identify whether cut-off is appropriate.

We noted a State of Good Repair transaction was recorded in a State Transit Assistance capital revenue account. We recommend using a separate revenue account for State of Good Repair transactions to make the revenue easier to reconcile to the use on capital additions.

We recommend the District consider including in the Purchasing Card Policy that employees should not use personal credit cards to circumvent the purchasing card policy and that benefits for District purchases from the credit card issuer, such as cash back or other rewards, should accrue solely to the District.

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This communication is intended solely for the information and use of management, the Board of Directors, SACOG and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Richardson & Company, LLP

March 25, 2024