

YOLO COUNTY TRANSPORTATION DISTRICT

Audited Financial Statements
and Compliance Reports

June 30, 2025

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YOLO COUNTY TRANSPORTATION DISTRICT

Audited Financial Statements
and Compliance Reports

June 30, 2025 and 2024

Audited Financial Statements

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550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

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, 2025 and 2024, 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, 2025 and 2024, 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 Opinion

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 opinion.

Emphasis-of-Matter

As discussed in Note P to the financial statements, the District implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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.

To the Board of Directors
Yolo County Transportation District

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 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*, are presented for purposes of additional analysis and are 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

To the Board of Directors
Yolo County Transportation District

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 the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2026 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 18, 2026

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2025 and 2024

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, 2025 and 2024. 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 seventeen 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. The District continues to operate microtransit services, which originated as a demonstration pilot in Winters and Knights Landing and have since been incorporated as ongoing mobility options to enhance connectivity in smaller and rural communities. Transit services are provided under contract with Transdev Services, Inc., which was in effect through July 31, 2025. The District exercised an option year under this agreement, extending the contract term through July 31, 2026.

Financial Highlights

- Total net position, the level by which total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources, decreased by approximately \$2.1 million, to \$30.8 million at June 30, 2025 versus \$32.9 million at June 30, 2024, primarily due to a decline in the net investment in capital assets of \$2.5 million.
- June 30, 2025, total net position of \$30.8 million was comprised of \$17.0 million investment in capital assets, \$2.1 million of other funds restricted for equipment replacement and capital projects, and \$11.7 million of unrestricted net position.
- For every dollar in current liabilities as of June 30, 2025, the District holds \$3.35 in current assets, down from \$3.55 as of June 30, 2024.
- Operating revenues (regular and special fares and operating support from the Yocha Dehe Wintun Nation) increased slightly to \$3.3 million during FY 2024-25 compared to \$3.2 million during FY 2023-24, still 217.5% 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, 2025 and 2024

- Operating expenses increased 12.0% to \$22.0 million during FY 2024-25, compared to \$19.7 million during FY 2023-24, primarily due to increases of \$1.1 million in purchased transportation, \$.6 million in insurance and \$.5 million in other services including professional consulting services.

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, 2025 and 2024

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, 2025, 2024 and 2023 is as follows:

	June 30, 2025	June 30, 2024 (As Restated)	Increase (Decrease) from 2025 to 2024	June 30, 2023	Increase (Decrease) from 2024 to 2023
Current Assets	\$ 17,819,593	\$ 16,635,033	\$ 1,184,560	\$ 17,494,910	\$ (859,877)
Restricted Cash and Investments	1,815,134	2,246,257	(431,123)	1,909,114	337,143
Other Postemployment Benefits	152,985	112,384	40,601	191,609	(79,225)
Capital Assets, Net	17,164,279	19,303,096	(2,138,817)	19,492,523	(189,427)
TOTAL ASSETS	36,951,991	38,296,770	(1,344,779)	39,088,156	(791,386)
Deferred Outflows of Resources	930,445	1,149,939	(219,494)	985,108	164,831
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 37,882,436	\$ 39,446,709	\$ (1,564,273)	\$ 40,073,264	\$ (626,555)
Current Liabilities	\$ 5,312,516	\$ 4,687,068	\$ 625,448	\$ 5,801,295	\$ (1,114,227)
Non-Current Liabilities	1,583,529	1,655,172	(71,643)	1,524,430	130,742
TOTAL LIABILITES	6,896,045	6,342,240	553,805	7,325,725	(983,485)
Deferred Inflows of Resources	224,227	198,711	25,516	236,958	(38,247)
Net Position					
Investment in Capital Assets	16,956,654	19,303,096	(2,346,442)	19,217,051	86,045
Restricted for Capital Expenses	2,147,131	2,056,698	90,433	2,307,903	(251,205)
Unrestricted	11,658,379	11,545,964	112,415	10,985,627	560,337
TOTAL NET POSITION	30,762,164	32,905,758	(2,143,594)	32,510,581	395,177
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 37,882,436	\$ 39,446,709	\$ (1,564,273)	\$ 40,073,264	\$ (626,555)

District Assets

The \$37.0 million in total assets as of June 30, 2025 represented a \$1.3 million decrease from June 30, 2024, primarily due a decrease in net capital assets of \$2.1 million due to depreciation exceeding additions and a \$.4 million decrease in restricted cash and investments from the use of restricted grants on fare replacement and the expansion of Route 42A/B intercity, offset by an increase of \$1.2 million in current assets, which was mainly an increase in cash and cash equivalents from the collection of receivables and increase in payables. Total assets as of June 30, 2024 decreased \$0.8 million from June 30, 2023, primarily due a decrease in net capital assets of \$0.2 million, \$2.9 million decrease in cash and receivables, offset by an increase of \$2.1 million Due from Other Agencies from uncollected grants.

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2025 and 2024

District Liabilities

The \$5.3 million in current liabilities as of June 30, 2025 represented an increase of \$.6 million from June 30, 2024, including increased payables the District's transit operator, a new payable to the consultant for the Highway 80 Managed Lanes project, bus repairs and maintenance and a new software subscription liability recorded. The \$4.7 million in current liabilities as of June 30, 2024 represented a decrease of \$1.1 million from June 30, 2023 primarily due to a \$0.7 million decrease in accounts payable, a decrease of \$0.8 million due to other governments, offset by a \$0.3 million increase in unearned revenue received for the Low Carbon Transit Operations Program (LCTOP) for projects not yet completed. The \$0.1 million increase in non-current liabilities during the year was due to an increase in net pension liability as a result of pension plan investment performance. The District also reported \$1.1 million in deferred outflows of resources primarily for pension and OPEB contributions after the valuation measurement dates and a change in assumptions and \$0.2 million in deferred inflows of resources primarily for the change in employer's proportion and 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 2024-25, 2023-24, and 2022-23 are as follows:

	Year ending June 30, 2025	Year ending June 30, 2024 (As Restated)	Increase (Decrease) from 2024 to 2025	Year ending June 30, 2023	Increase (Decrease) from 2023 to 2024
Operating Revenues	\$ 3,309,281	\$ 3,212,442	\$ 96,839	\$ 3,056,123	\$ 156,319
Operating Expenses	22,039,259	19,682,713	2,356,546	16,753,802	2,928,911
Net Loss From Operations	<u>(18,729,978)</u>	<u>(16,470,271)</u>	<u>(2,259,707)</u>	<u>(13,697,679)</u>	<u>(2,772,592)</u>
NONOPERATING REVENUES (EXPENSES)					
Federal Transit Administration Grants:					
Operating Grants	7,001,714	6,530,584	471,130	3,822,349	2,708,235
Local Transportation Fund and State Transit					
Assistance Allocation	7,503,743	9,488,981	(1,985,238)	8,560,000	928,981
Low Carbon Fuel Credits	25,349	69,544	(44,195)	98,907	(29,363)
Investment Income	314,818	413,398	(98,580)	166,171	247,227
Auxiliary Transportation	113,015	148,376	(35,361)	748,238	(599,862)
State Grants	741,711	210,963	530,748	284,827	(73,864)
Other Nonoperating Revenues	383,696	175,619	208,077	104,033	71,586
Cost of Fuel Sales to External Parties	(41,607)	(69,559)	27,952	(586,971)	517,412
Highway 80 Managed Lanes Project	(898,671)	(424,601)	(474,070)	(109,367)	(315,234)
Other Pass-through Grants to Other Governments	(24,000)	(402,200)	378,200	(24,000)	(378,200)
Gain on Disposal of Capital Assets		525		(3,650)	4,175
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>15,119,768</u>	<u>16,141,630</u>	<u>(1,021,337)</u>	<u>13,060,537</u>	<u>3,081,093</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>1,466,616</u>	<u>743,055</u>	<u>723,561</u>	<u>1,125,985</u>	<u>(382,930)</u>
CHANGE IN NET POSITION	<u>(2,143,594)</u>	<u>414,414</u>	<u>(2,558,008)</u>	<u>488,843</u>	<u>(74,429)</u>
Net Position at Beginning - as Previously Reported	32,905,758	32,510,581	395,177	31,069,953	1,440,628
Restatement - Note P		(19,237)	19,237	951,785	(971,022)
NET POSITION AT END OF YEAR	<u>\$ 30,762,164</u>	<u>\$ 32,905,758</u>	<u>\$ (2,143,594)</u>	<u>\$ 32,510,581</u>	<u>\$ 395,177</u>

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2025 and 2024

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 \$.1 to \$3.3 million in FY 2024-25 that represents an increase of \$116K in passenger fares and a \$19K decrease in special fares. This followed a slight increase of \$0.2 million during FY 2023-24. While fare revenue has seen modest growth over the past two years, the District continues to focus on restoring service levels based on assessed transit needs. These efforts include ongoing short-range transportation planning, public outreach, and soon, leveraging automatic passenger counter data installed on the buses during FY 2023-24 to improve service planning and ridership analysis.

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 2024-25 increase of \$2.4 million represents increases of \$1.1 million in purchased transportation costs, \$68K in salaries and benefits, \$0.6 million in insurance, \$.1 million in vehicle fuel, and \$0.5 million in other services, including professional consulting costs for planning, information technology, human resources, and financial services. The FY 2023-24 increase of \$2.9 million represents increases of \$1.5 million in purchased transportation costs, \$0.6 million in salaries and benefits, \$0.1 million in insurance, and \$0.5 million in other services, including professional consulting costs for planning, information technology, human resources, and financial services.

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 decrease in non-operating revenues less non-operating expenses of \$1.0 million to \$15.1 million during FY 2024-25 was comprised of offsetting changes including:

- \$.5 million increase in FTA operating grant support to \$1.0 million, primarily due to receiving \$.8 million from the Federal Highway Administration to plan the HWY 80 Managed Lanes project to add a toll lane over the Yolo Bypass and having \$.7 million available for ADA/Paratransit Services this year, offset by reductions in CARES Act and ARPA funding.
- \$1.9 million decrease in Local Transportation Fund and State Transit Assistance Allocation to \$7.5 million, due to the increased FTA funding and to spend down amount overclaimed in prior years.
- \$98K decrease in investment income from a reduction of the average cash balance invested in the County Investment Pool, which was offset by a \$115K increase in the fair value adjustment on the County Investment Pool due to a reduction in market rates after the Federal Reserve Bank reduced its discount rate 1% during the year.
- \$0.5 million increase to \$0.7 million in state grant revenue due to an increase in LCTOP revenue used for fare replacement and the expansion of Route 42A/B and receiving a Caltrans Sustainable Communities Grant for services to UC Davis.
- \$.5 million increase in Highway 80 Managed Lanes Project expenses.
- \$.4 million reduction in grants passed-through to other governments due to a 2023-24 amount passed-through to the City of Woodland for a bus stop.

YOLO COUNTY TRANSPORTATION DISTRICT

Management’s Discussion and Analysis
June 30, 2025 and 2024

Capital Contributions

Capital contributions consist of grants received by the District from the Federal Transit Administration, SACOG and the State of California relating to capital for improvements owned by the District. The increase of \$.7 million during FY2024-25 is mainly due to \$1.0 million of grants received this year for FY 2023-24 microtransit vehicle purchases and equipment, which is offset by a reduction in FTA grant revenue for other bus related equipment. The \$.4 million decrease in FY 2023-24 reflects a decrease of \$0.3 million in the State Transportation Act funds and \$0.1 million in federal assistance for capital projects. The FY 2023-24 allocation of \$0.3 million is reported in STA and SGR allocations. This STA capital contribution will be used as the local match requirements for FY 2024-25 capital projects.

Capital Assets

	June 30, 2025	June 30, 2024	Increase (Decrease) from 2024 to 2025	June 30, 2023	Increase (Decrease) from 2023 to 2024
Capital assets, not being Depreciated/Amortized					
Land	\$ 465,000	\$ 465,000	\$ -	\$ 465,000	\$ -
Total Capital Assets, not being Depreciated/Amortized	465,000	465,000	-	465,000	-
Capital assets, being Depreciated/Amortized					
Equipment & Transit Vehicles	44,657,715	44,269,332	388,383	42,633,899	1,635,433
Building and Improvements	12,294,045	12,218,563	75,482	12,218,563	-
Subscription Asset	66,297	-	66,297	-	-
Total capital Assets, being Depreciated/Amortized	57,018,057	56,487,895	530,162	54,852,462	1,635,433
Less Accumulated Depreciation/Amortization for:					
Equipment & Transit Vehicles	(32,385,349)	(30,041,856)	(2,343,493)	(28,547,554)	(1,494,302)
Building and Improvements	(7,933,429)	(7,607,943)	(325,486)	(7,277,385)	(330,558)
Total Accumulated Depreciation	(40,318,778)	(37,649,799)	(2,668,979)	(35,824,939)	(1,824,860)
Total Capital Assets being Depreciated/Amortized, net	16,699,279	18,838,096	(2,138,817)	19,027,523	(189,427)
Capital Assets, net	\$ 17,164,279	\$ 19,303,096	\$ (2,138,817)	\$ 19,492,523	\$ (189,427)

During the fiscal years ending June 30, 2025, and June 30, 2024, the District’s net investment in capital assets decreased by \$2.1 million and \$.2 million, respectively, due to depreciation and amortization of \$2.7 and \$2.6 million exceeding capital asset additions of \$.5 million and \$2.5 million, respectively. Capital asset additions in 2024-25 included \$273K of engine and transmission rebuilds, a gate replacement and overhead door. Capital asset additions in 2023-24 included \$1.4 million of transit vehicles, automatic passenger counters, a compressed natural gas (CNG) dispenser, replacement of CNG tanks and various other engine rebuilds and equipment.

Economic Factors and the Future

As of June 30, 2025, the District continues to faces a challenging financial environment that includes rising operating costs, uncertain ridership trends, and continued reliance on federal and state funding. While ridership has improved modestly, levels remain below pre-pandemic conditions. Operating costs continue to increase, most notably for contracted transportation services, the District’s largest expense, with upward pressure driven by market conditions and service requirements. To support operations through FY 2025-26, the District secured \$3 million from California State Bill 125 for transit operations and capital improvements; however, these funds are one-time in nature and do not address ongoing structural funding needs. In addition, compliance with the California Air Resource Board’s zero-emission buses (ZEB) mandate by 2040, presents challenges due to the rising costs, fleet replacement and facility upgrade requirements.

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2025 and 2024

In response, the District is utilizing short-term funding including SB 125, and ongoing financial planning efforts to manage near-term pressures through service optimization, cost control, and continued evaluation of revenue opportunities. Planning efforts are supported by data-driven tools, including the Short-Range Transportation Plan and the Automatic Passenger Counters. Looking ahead, the District's financial condition will depend on the pace of ridership recovery, the availability of sustainable funding sources, and the ability to manage rising contracted service costs. The temporary nature of the current supplemental funding underscores the need for long-term structural solutions.

Requests for Information

This financial report provides a general overview of Yolo County Transportation District's financial position and results of operations. For questions or additional information, contact Janeene Marte, Executive Assistant, at Yolo County Transportation District, 350 Industrial Way, Woodland, California 95776 or JMarte@yctd.org.

YOLO COUNTY TRANSPORTATION DISTRICT

STATEMENTS OF NET POSITION

June 30, 2025 and 2024

	2025	2024 (As restated)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 10,069,155	\$ 8,691,669
Due from Other Governments	7,297,190	7,395,751
Accounts Receivable	453,248	547,613
TOTAL CURRENT ASSETS	<u>17,819,593</u>	<u>16,635,033</u>
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	1,815,134	2,246,257
Other Postemployment Benefits Asset	152,985	112,384
Capital Assets:		
Nondepreciable	465,000	465,000
Depreciable/Amortizable, Net	16,699,279	18,838,096
Total Capital Assets, Net	<u>17,164,279</u>	<u>19,303,096</u>
TOTAL NONCURRENT ASSETS	<u>19,132,398</u>	<u>21,661,737</u>
TOTAL ASSETS	<u>36,951,991</u>	<u>38,296,770</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Plan	754,069	869,336
Other Postemployment Benefits Plan	176,376	280,603
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>930,445</u>	<u>1,149,939</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 37,882,436</u>	<u>\$ 39,446,709</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,848,276	\$ 2,409,696
Accrued Wages	70,133	63,330
Due to Other Governments	463,094	359,980
Unearned Revenue	1,785,859	1,766,830
Compensated Absences	113,244	87,232
Subscription Liability	31,910	
TOTAL CURRENT LIABILITIES	<u>5,312,516</u>	<u>4,687,068</u>
NONCURRENT LIABILITIES		
Compensated Absences	15,748	16,355
Subscription Liability	34,387	
Net Pension Liability	1,533,394	1,638,817
TOTAL NONCURRENT LIABILITIES	<u>1,583,529</u>	<u>1,655,172</u>
TOTAL LIABILITIES	<u>6,896,045</u>	<u>6,342,240</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Plan	76,663	92,515
Other Postemployment Benefits Plan	147,564	106,196
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>224,227</u>	<u>198,711</u>
NET POSITION		
Net Investment in Capital Assets	16,956,654	19,303,096
Restricted for Capital Expenses	2,147,131	2,056,698
Unrestricted	11,658,379	11,545,964
TOTAL NET POSITION	<u>30,762,164</u>	<u>32,905,758</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 37,882,436</u>	<u>\$ 39,446,709</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, 2025 and 2024

	2025	2024 (As restated)
OPERATING REVENUE		
Passenger Fares	\$ 1,204,783	\$ 1,088,670
Special Fares	2,104,498	2,123,772
TOTAL OPERATING REVENUE	<u>3,309,281</u>	<u>3,212,442</u>
OPERATING EXPENSES		
Purchased Transportation	12,214,495	11,159,651
Salaries and Benefits	2,411,807	2,343,939
Insurance	1,552,959	938,194
Vehicle Fuel	1,357,795	1,267,966
Other Services and Supplies	1,833,224	1,328,486
Depreciation and Amortization	2,668,979	2,644,477
TOTAL OPERATING EXPENSES	<u>22,039,259</u>	<u>19,682,713</u>
NET LOSS FROM OPERATIONS	(18,729,978)	(16,470,271)
NONOPERATING REVENUES (EXPENSES)		
Federal Transit Administration Grants:		
Operating Grants	7,001,714	6,530,584
Local Transportation Fund and State Transit Assistance Allocation	7,503,743	9,488,981
Low Carbon Fuel Credits	25,349	69,544
Investment Income	314,818	413,398
Auxiliary Transportation	113,015	148,376
State Grants	741,711	210,963
Other Nonoperating Revenues	383,696	175,619
Cost of Fuel Sales to External Parties	(41,607)	(69,559)
Highway 80 Managed Lanes Project	(898,671)	(424,601)
Other Pass-through Grants to Other Governments	(24,000)	(402,200)
Gain on Disposal of Capital Assets		525
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>15,119,768</u>	<u>16,141,630</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(3,610,210)	(328,641)
CAPITAL CONTRIBUTIONS		
Federal Transit Administration Grant	1,132,118	397,905
State of Good Repair	334,498	345,150
TOTAL CAPITAL CONTRIBUTIONS	<u>1,466,616</u>	<u>743,055</u>
CHANGE IN NET POSITION	(2,143,594)	414,414
Net Position at Beginning of Year - as Previously Reported	32,905,758	32,510,581
Restatement for Change in Accounting Principle - Note P		(19,237)
Net Position at Beginning of Year - as Restated	<u>32,905,758</u>	<u>32,491,344</u>
NET POSITION AT END OF YEAR	<u>\$ 30,762,164</u>	<u>\$ 32,905,758</u>

The accompanying notes are an integral part of these financial statements

YOLO COUNTY TRANSPORTATION DISTRICT

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2025 and 2024

	2025	2024 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts From Customers	\$ 3,359,400	\$ 4,344,892
Cash Paid to Suppliers for Goods and Services	(16,558,107)	(16,158,691)
Cash Paid to Employees for Services	(2,280,613)	(2,320,678)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(15,479,320)</u>	<u>(14,134,477)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Grants and Subsidies	16,367,163	16,545,854
Pass-through Payments	(24,000)	(402,200)
Other Income	527,031	(948,802)
Other Expenses	(940,278)	(494,160)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>15,929,916</u>	<u>14,700,692</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributions Received	503,486	(1,013,643)
Acquisition of Capital Assets	(322,537)	(2,736,522)
Proceeds From Sale of Capital Assets		6,525
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>180,949</u>	<u>(3,743,640)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Pooled Investments	314,818	413,398
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>314,818</u>	<u>413,398</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>946,363</u>	<u>(2,764,027)</u>
Cash and Cash Equivalents at Beginning of Year	<u>10,937,926</u>	<u>13,701,953</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 11,884,289</u></u>	<u><u>\$ 10,937,926</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET		
Cash and Cash Equivalents	\$ 10,069,155	\$ 8,691,669
Restricted Cash and Cash Equivalents	1,815,134	2,246,257
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 11,884,289</u></u>	<u><u>\$ 10,937,926</u></u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Net Loss From Operations	\$ (18,729,978)	\$ (16,470,271)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:		
Depreciation and amortization	2,668,979	2,644,477
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
Accounts Receivable and Due from Other Governments	50,119	856,930
Net OPEB Asset/Liability	(40,601)	79,225
Deferred Outflows of Resources - Pension Plan	115,267	(96,783)
Deferred Outflows of Resources - OPEB Plan	104,227	(68,048)
Accounts Payable and Due to Other Governments	400,366	(1,188,874)
Accrued Wages	6,803	5,081
Compensated Absences	25,405	13,256
Net Pension Liability	(105,423)	128,777
Deferred Inflows of Resources - Pension Plan	(15,852)	(58,596)
Deferred Inflows of Resources - OPEB Plan	41,368	20,349
NET CASH USED FOR OPERATING ACTIVITIES	<u><u>\$ (15,479,320)</u></u>	<u><u>\$ (14,134,477)</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITY		
Change in the Fair Value of Investments	\$ 114,823	\$ 215,090
Change in Capital Asset Acquisitions on Accounts Payable	\$ 141,328	\$ (275,472)
Microtransit Technology Platform Acquired with Subscription Liability	\$ 66,297	\$ -

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

YOLO COUNTY TRANSPORTATION DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND

June 30, 2025 and 2024

	Yolo Transit Management Association	
	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 11,336	\$ 17,122
TOTAL CURRENT ASSETS	<u>11,336</u>	<u>17,122</u>
TOTAL ASSETS	<u>\$ 11,336</u>	<u>\$ 17,122</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,668	\$ 3,027
TOTAL CURRENT LIABILITIES	<u>2,668</u>	<u>3,027</u>
NET POSITION		
Restricted for Another Organization	8,668	14,095
TOTAL NET POSITION	<u>8,668</u>	<u>14,095</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 11,336</u>	<u>\$ 17,122</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 Years Ended June 30, 2025 and 2024

	Yolo Transit Management Association	
	2025	2024
ADDITIONS		
In-kind Contributions	\$ 86,427	\$ 98,443
Membership Fees	22,800	20,475
Miscellaneous	789	10,045
TOTAL ADDITIONS	110,016	128,963
DEDUCTIONS		
Services and Supplies	29,016	19,704
In-kind Administrative Expenses	86,427	98,443
TOTAL DEDUCTIONS	115,443	118,147
CHANGE IN NET POSITION	(5,427)	10,816
Net Position at Beginning of Year	14,095	3,279
NET POSITION AT END OF YEAR	\$ 8,668	\$ 14,095

The accompanying notes are an integral part of these financial statements

YOLO COUNTY TRANSPORTATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

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 is also a member of the Capital Area Regional Tolling Authority (CARTA), which was established in January 2024 for the purpose of creating a multi-county entity that will develop and operate toll facilities throughout the region. The debts, liabilities, and obligations of the CARTA will be the debts of the CARTA alone, and the District is not liable for the liabilities of the CARTA. More information of the CARTA 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 as discussed in Note N.

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.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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 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. Local Transportation Fund (LTF) and State Transit Assistance (STA) revenue received under the Transportation Development Act (TDA) as well as State of Good Repair (SGR) and Senate Bill 125 (SB 125) 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: GASB Statement No. 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability is recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise be paid in cash or settled through noncash means. Compensated absences are comprised of unpaid vacation, sick leave, and compensated time-off for certain employees in lieu of overtime compensation and/or working on holidays per bargaining agreements. Sick leave that adds to the creditable service period of the pension plan is included as part of the net pension liability and is excluded from the compensated absences liability. Unused

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

vacation leave and administrative leave may be accumulated up to a specified maximum. Unused vacation is paid at the time of termination from District’s employment and 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 but accrues an estimate of sick leave expected to be used for time off. Retirees may elect to convert their sick leave to service credit under the District’s pension plan with CalPERS, which is included in the net pension liability. The District recognizes accumulated unpaid compensated absences when earned by the employee.

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, 2025 and 2024 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 capital expenses include LTF, STA and SGR revenues restricted in accordance with program requirements, either due to the amounts being claimed in advance of expenses incurred, LTF revenues were claimed for capital purposes from member agencies in prior years and would have to be refunded to the member agencies if not spent, so they are reported as restricted net position. STA revenues collected through June 30, 2015 are restricted for capital projects due to the District not meeting required efficiency standards. After June 30, 2015, STA revenues claimed for capital projects that are not spent are restricted for capital projects. Restricted net position at June 30 is summarized as follows:

	2025	2024
LTF Capital Reserves	\$ 29,275	\$ 479,427
STA Held for Capital Projects	251,104	
SGR Held for Capital Projects	1,866,752	1,577,271
Total Restricted for Capital Expenses	\$ 2,147,131	\$ 2,056,698

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.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

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:

	2025			2024		
	Business-Type Activities	Fiduciary Fund	Total	Business-Type Activities	Fiduciary Fund	Total
Cash and Cash Equivalents	\$ 10,069,155	\$ 11,336	\$ 10,080,491	\$ 8,691,669	\$ 17,122	\$ 8,708,791
Restricted Cash and Equivalents	1,815,134		1,815,134	2,246,257		2,246,257
Total cash and investments	\$ 11,884,289	\$ 11,336	\$ 11,895,625	\$ 10,937,926	\$ 17,122	\$ 10,955,048

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

	2025			2024		
	Business-Type Activities	Fiduciary Fund	Total	Business-Type Activities	Fiduciary Fund	Total
Cash on Hand	\$ 5,665		\$ 5,665	\$ 7,486		\$ 7,486
Deposits with Financial Institutions	3,705,200	\$ 11,336	3,716,536	3,830,378	\$ 17,122	3,847,500
Investment in Yolo County Pooled Investment Fund	8,173,424		8,173,424	7,100,062		7,100,062
Total cash and investments	\$ 11,884,289	\$ 11,336	\$ 11,895,625	\$ 10,937,926	\$ 17,122	\$ 10,955,048

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

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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, 2025 and 2024, the weighted average maturity of the investments contained in the County of Yolo investment pool was approximately 770 days and 466 days, respectively.

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

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (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, 2025 and 2024, the carrying amount of the District’s deposits was \$3,716,536 and \$3,847,500 and the balance in financial institutions was \$3,634,112 and \$3,799,444, respectively. Of the balance in financial institutions, \$261,336 and \$267,122 was insured in 2025 and 2024, 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:

	2025	2024
LCTOP	\$ 1,785,859	\$ 1,766,830
LTF Capital Reserves	29,275	479,427
Total restricted cash and cash equivalents	\$ 1,815,134	\$ 2,246,257

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE C – RESTRICTED CASH AND CASH EQUIVALENTS (Continued)

At June 30, 2025 and 2024, the District accumulated \$29,275 and \$479,427 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. See Note K for additional information on restrictions related to unexpended LCTOP state grant funds.

NOTE D – DUE FROM OTHER GOVERNMENTS

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

	2025	2024
Federal Transit Administration grants	\$ 2,532,940	\$ 4,451,058
SACOG - State of Good Repair	1,911,770	1,577,271
SACOG - State Transit Assistance	1,170,870	791,285
California Department of Transportation	543,460	183,881
City of Davis	242,079	
Sacramento Regional Transit District	186,950	187,429
City of Woodland	171,921	
County of Yolo	159,504	
City of West Sacramento	157,484	
City of Winters	21,630	
Other	198,582	204,827
Total due from other governments	\$ 7,297,190	\$ 7,395,751

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE E – CAPITAL ASSETS

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

Fixed Route Service	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025
Capital Assets, not being Depreciated/Amortized:				
Land	\$ 465,000			\$ 465,000
Total Capital Assets, not being Depreciated/Amortized	465,000			465,000
Capital Assets, being Depreciated/Amortized:				
Equipment and Transit Vehicles	42,693,185	\$ 350,945		43,044,130
Buildings and Improvements	12,218,563	75,482		12,294,045
Subscription Asset - Microtransit Technology Platform		66,297		66,297
Total Capital Assets, being Depreciated/Amortized	54,911,748	492,724		55,404,472
Less Accumulated Depreciation/Amortization for:				
Equipment and Transit Vehicles	(28,526,655)	(2,284,554)		(30,811,209)
Buildings and Improvements	(7,607,943)	(325,486)		(7,933,429)
Total Accumulated Depreciation/Amortization	(36,134,598)	(2,610,040)		(38,744,638)
Total Capital Assets being Depreciated, Net	18,777,150	(2,117,316)		16,659,834
Fixed Route Service Capital Assets, Net	<u>\$ 19,242,150</u>	<u>\$ (2,117,316)</u>	<u>\$ -</u>	<u>\$ 17,124,834</u>
ADA Paratransit Service				
Capital Assets, being Depreciated:				
Equipment and Transit Vehicles	\$ 1,576,147	\$ 37,438		\$ 1,613,585
Total Capital Assets, being Depreciated	1,576,147	37,438		1,613,585
Less Accumulated Depreciation for:				
Equipment and Transit Vehicles	(1,515,201)	(58,939)		(1,574,140)
Total Accumulated Depreciation	(1,515,201)	(58,939)		(1,574,140)
ADA Paratransit Service Capital Assets, Net	<u>\$ 60,946</u>	<u>\$ (21,501)</u>	<u>\$ -</u>	<u>\$ 39,445</u>
Total Capital Assets, Net	<u>\$ 19,303,096</u>	<u>\$ (2,138,817)</u>	<u>\$ -</u>	<u>\$ 17,164,279</u>

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE E – CAPITAL ASSETS (Continued)

Fixed Route Service	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
Capital Assets, not being Depreciated/Amortized:				
Land	\$ 465,000			\$ 465,000
Total Capital Assets, not being Depreciated/Amortized	465,000			465,000
Capital Assets, being Depreciated/Amortized:				
Equipment and Transit Vehicles	41,065,499	\$ 2,453,303	\$ (825,617)	42,693,185
Buildings and Improvements	12,218,563			12,218,563
Total capital assets, being Depreciated/Amortized	53,284,062	2,453,303	(825,617)	54,911,748
Less Accumulated Depreciation/Amortization for:				
Equipment and Transit Vehicles	(27,120,149)	(2,226,123)	819,617	(28,526,655)
Buildings and Improvements	(7,277,385)	(330,558)		(7,607,943)
Total Accumulated Depreciation/Amortization	(34,397,534)	(2,556,681)	819,617	(36,134,598)
Total Capital assets being Depreciated/Amortized, Net	18,886,528	(147,033)	(6,000)	18,777,150
Fixed Route Service Capital Assets, Net	<u>\$ 19,351,528</u>	<u>\$ (147,033)</u>	<u>\$ (6,000)</u>	<u>\$ 19,242,150</u>
ADA Paratransit Service				
Capital Assets, being Depreciated:				
Equipment and Transit Vehicles	\$ 1,568,400	\$ 7,747		\$ 1,576,147
Total capital assets, being Depreciated	1,568,400	7,747		1,576,147
Less Accumulated Depreciation for:				
Equipment and Transit Vehicles	(1,427,405)	(87,796)		(1,515,201)
Total Accumulated Depreciation	(1,427,405)	(87,796)		(1,515,201)
ADA Paratransit Service Capital Assets, Net	<u>\$ 140,995</u>	<u>\$ (80,049)</u>	<u>\$ -</u>	<u>\$ 60,946</u>
Total Capital Assets, Net	<u>\$ 19,492,523</u>	<u>\$ (227,082)</u>	<u>\$ (6,000)</u>	<u>\$ 19,303,096</u>

NOTE F – LONG-TERM LIABILITIES

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

	Balance July 1, 2024 (as Restated)	Additions	Balance June 30, 2025	Due within one year
Compensated Absences	\$ 103,587	\$ 25,405 *	\$ 128,992	\$ 113,244
Subscription Liability - Microtransit Technology Platform		66,297	66,297	31,910
	<u>\$ 103,587</u>	<u>\$ 91,702</u>	<u>\$ 195,289</u>	<u>\$ 145,154</u>
	Balance July 1, 2023 (as Restated)	Additions	Balance June 30, 2024 (as Restated)	Due within one year
Compensated Absences	\$ 90,331	\$ 13,256 *	\$ 103,587	\$ 87,232

* Represents the net change in compensated absences.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE F – LONG-TERM LIABILITIES (Continued)

In June 2025, the District exercised the first option year of its existing contract with RideCo US, Inc. for the subscription to a Microtransit Technology Platform for a term of 12 months beginning in July 2025. Following the end of this first option term, the District has two additional one-year options to extend the agreement. The District is reasonably certain that the second option year will also be exercised, extending the term of this contract to 24 months. For discounting future subscription payments, the District applied a 7.50% incremental borrowing rate. The total right-of-use asset had a cost of \$66,297 and no accumulated amortization as it is being amortized over the two-year subscription term starting July 1, 2025. Minimum subscription payments over the remaining term of the subscription at June 30, 2025 were as follows:

Year Ending June 30:	Principal	Interest	Total
2026	\$ 31,910	\$ 3,890	\$ 35,800
2027	34,387	1,413	35,800
Total	<u>\$ 66,297</u>	<u>\$ 5,303</u>	<u>\$ 71,600</u>

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, 2025 and 2024, 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:

	<u>2025</u>	<u>2024</u>
Fare Revenues	\$ 3,309,281	\$ 3,212,442
Local Funds:		
Federal Transit Administration Grants	7,001,714	6,530,584
Low Carbon Fuel Credits	25,349	69,544
Investment Income	314,818	413,398
Auxiliary Transportation	113,015	148,376
LCTOP Free Fare Grant	270,505	210,963
Other Nonoperating Revenues	383,696	175,619
Less: Local Funds Passed-through to Other Agencies	<u>(24,000)</u>	<u>(402,200)</u>
Total Local Funds	<u>8,085,097</u>	<u>7,146,284</u>
Total Fare Revenue and Local Funds	<u>\$ 11,394,378</u>	<u>\$ 10,358,726</u>
Operating Expenses	\$ 22,039,259	\$ 19,683,197
Less Allowable Exclusions:		
Depreciation	<u>(2,668,979)</u>	<u>(2,644,477)</u>
Net Operating Expenses	<u>\$ 19,370,280</u>	<u>\$ 17,038,720</u>
Fare Revenue Ratio	<u>58.82%</u>	<u>60.80%</u>

Assembly Bill (AB) 149 signed in July 2021 allowed federal funds to be included as “local funds” in the fare revenue ratio calculation. The District met its minimum required fare revenue ratio for the years ended June 30, 2025 and 2024.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

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.

The Plan’s provisions and benefits in effect at June 30, 2025 and 2024, are summarized as follows:

	2025		2024	
	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%	7.750%	8.000%	7.750%
Required Employer Contribution Rates	14.130%	7.870%	14.060%	7.680%

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 \$184,584 and \$169,925 during the years ended June 30, 2025 and 2024, 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, 2025 and 2024, the employer contributions recognized as part of pension expense were \$345,303 and \$326,785, 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:

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE H – PENSION PLAN (Continued)

	2025	2024
	Proportionate Share of Net Pension Liability	Proportionate Share of Net Pension Liability
Net Pension Liability	\$ 1,533,394	\$ 1,638,817

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, 2024 and 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2023 and 2022 rolled forward to June 30, 2024 and 2023 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:

	2025	2024
Proportion - June 30, 2024	0.03277%	
Proportion - June 30, 2025	0.03170%	
Change - Decrease	-0.00107%	
Proportion - June 30, 2023		0.03227%
Proportion - June 30, 2024		0.03277%
Change - Decrease		0.00050%

During the years ended June 30, 2025 and 2024, the District recognized pension expense of \$339,298 and \$300,180 respectively. At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to Measurement Date	\$ 345,303		\$ 326,785	
Differences Between Actual and Expected Experience	132,577	\$ (5,171)	83,720	\$ (12,987)
Changes in Assumptions	39,411		98,943	
Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	139,200	(1,639)	80,079	(3,981)
Change in Employer's Proportion	9,302	(69,853)	14,470	(75,547)
Net Differences Between Projected and Actual Earnings on Plan Investments	88,276		265,339	
Total	\$ 754,069	\$ (76,663)	\$ 869,336	\$ (92,515)

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:

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE H – PENSION PLAN (Continued)

Fiscal Year Ended June 30	2025	2024
2025		\$ 122,418
2026	\$ 108,361	93,278
2027	238,237	226,726
2028	15,754	7,614
2029	(30,249)	
	\$ 332,103	\$ 450,036

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:

	2025	2024
Valuation Date	June 30, 2023	June 30, 2022
Measurement Date	June 30, 2024	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Payroll Growth	2.80%	2.80%
Projected Salary Increase ⁽¹⁾	0.2% -7.64%	0.2% -7.64%
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 MP 2020 by the Society of Actuaries at the June 30, 2024 and 2023 measurement dates. Mortality at the June 30, 2024 and 2023 measurement dates was based on the 2021 CalPERS experience study. 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% in the June 30, 2024 and 2023 accounting valuations used for the years ended June 30, 2025 and 2024, 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.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE H – PENSION PLAN (Continued)

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.

Asset Class	2025		2024	
	Assumed	Real Return	Assumed	Real Return
	Asset Allocation	Years 1 - 10 ^(a)	Asset Allocation	Years 1 - 10 ^(a)
Global Equity - Cap-weighted	30.0%	4.54%	30.0%	4.54%
Global Equity - Non-cap-weighted	12.0%	3.84%	12.0%	3.84%
Private Equity	13.0%	7.28%	13.0%	7.28%
Treasury	5.0%	0.27%	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%	10.0%	1.56%
High Yield	5.0%	2.27%	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%	5.0%	2.48%
Private Debt	5.0%	3.57%	5.0%	3.57%
Real Assets	15.0%	3.21%	15.0%	3.21%
Leverage	-5.0%	-0.59%	-5.0%	-0.59%
Total	<u>100.0%</u>		<u>100.0%</u>	

^(a) An expected inflation of 2.30% 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:

	2025	2024
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 2,467,829	\$ 2,492,661
Current Discount Rate	6.90%	6.90%
Net pension Liability	\$ 1,533,394	\$ 1,638,817
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 764,216	\$ 936,029

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, 2025 and 2024, the District had no significant payables to the Plan.

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

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 \$726 to \$1,889 for non-Medicare and \$292 to \$877 for Medicare premiums during the years ended June 30, 2025 and 2024. 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:

	2025	2024
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	5	5
Inactive Employees Entitled to but not Receiving Benefits	3	3
Active Employees	13	13
Total	21	21

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, 2025 were \$9,597 and consisted of direct payments of insurance premiums of \$51,103, implied subsidy payments of \$9,453, and less reimbursement from CERBT of \$51,159. The District’s contributions during the year ended June 30, 2024 were \$16,996 and consisted of direct payments of insurance premiums of \$35,466 and implied subsidy payments of \$16,869, less a reimbursement from CERBT of \$35,339.

Net OPEB Liability (Asset): The District’s net OPEB liability (asset) at June 30, 2025 and 2024 was measured as of June 30, 2024 and 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by a bi-annual actuarial valuation as of June 30, 2023 for both years.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Actuarial Assumptions: The total OPEB liability (asset) at June 30, 2025 and 2024 was determined using the following actuarial assumptions:

	2025	2024
Valuation Date	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2024	June 30, 2023
Actuarial Cost Method	Entry-age Normal Cost Method	Entry-age Normal Cost Method
Actuarial Assumptions:		
Discount Rate for Accounting Purposes	6.55%	6.15%
Inflation	2.50%	2.50%
Aggregate Salary Increases	3.00%	3.00%
Demographic Actuarial Assumptions	Derived using CalPERS 2021 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	Actual in 2024, 9.08% in 2025, Grading Down to 3.9% in 2075	Actual in 2024, 9.08% in 2025, Grading Down to 3.9% in 2075
Participation Rate Assumption	100%	100%

Changes in actuarial assumptions at the June 30, 2024 measurement date included an increase in the discount rate from 6.15% to 6.55%, reflecting updated trust investment return information provided by CalPERS in June 2024. Changes in actuarial assumptions in the June 30, 2023 actuarial valuation included the following: The demographic assumptions were updated from those in the 2017 CalPERS experience study to the 2021 CalPERS experience study. The healthcare trend scale was updated from Getzen Model 2022_b to Getzen Model 2023_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	2025			2024		
	Target Allocation	Years 1-5	Years 6-20	Target Allocation	Years 1-5	Years 6-20
		1-5 Year Expected Real Rate of Return	6-20 Year Expected Real Rate of Return		1-5 Year Expected Real Rate of Return	6-20 Year Expected Real Rate of Return
Global Equity	49.00%	3.90%	4.70%	49.00%	4.40%	4.50%
Fixed Income	23.00%	2.70%	2.60%	23.00%	-1.00%	2.20%
Global Real Estate (REITs)	20.00%	3.70%	4.00%	20.00%	3.00%	3.90%
Treasury Inflation						
Protected Securities	5.00%	1.70%	1.40%	5.00%	-1.80%	1.30%
Commodities	3.00%	2.90%	2.00%	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, 2025 and 2024

NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Discount Rate: The accounting discount rate used to measure the total OPEB liability (asset) was 6.55% and 6.15% at the June 30, 2024 and 2023 measurement dates, respectively. 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):

	2025			2024		
	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	\$ 1,168,198	\$ 1,280,582	\$ (112,384)	\$ 1,048,627	\$ 1,240,236	\$ (191,609)
Changes for the Year:						
Service Cost	109,754		109,754	32,621		32,621
Interest	76,989		76,989	64,475		64,475
Changes in Benefit Terms						
Contributions - Employer		16,869	(16,869)		26,834	(26,834)
Plan Experience				(42,249)		(42,249)
Changes in Assumptions	(70,198)		(70,198)	130,485		130,485
Net Investment Income		140,696	(140,696)		79,633	(79,633)
Benefit Payments	(52,208)	(52,208)		(65,761)	(65,761)	
Administrative Expense		(419)	419		(360)	360
Net Changes	64,337	104,938	(40,601)	119,571	40,346	79,225
Balance at June 30	<u>\$ 1,232,535</u>	<u>\$ 1,385,520</u>	<u>\$ (152,985)</u>	<u>\$ 1,168,198</u>	<u>\$ 1,280,582</u>	<u>\$ (112,384)</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:

	2025			2024		
	Current			Current		
	1% Decrease 5.55%	Discount Rate 6.55%	1% Increase 7.55%	1% Decrease 5.15%	Discount Rate 6.15%	1% Increase 7.15%
Net OPEB Liability (Asset)	\$ 33,669	\$ (152,985)	\$ (306,071)	\$ 69,342	\$ (112,384)	\$ (260,880)

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:

	2025			2024		
	Current			Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Asset)	\$ (329,726)	\$ (152,985)	\$ 69,687	\$ (279,899)	\$ (112,384)	\$ 98,665

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, 2025 and 2024

NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources: For the years ended June 30, 2025 and 2024, the District recognized OPEB expense of \$114,591 and \$48,522, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to Measurement Date	\$ 9,597		\$ 16,869	
Differences Between Actual and Expected Experience		\$ (83,114)		\$ (104,575)
Changes in assumptions	151,924	(64,450)	179,731	(1,621)
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	14,855		84,003	
Total	<u>\$ 176,376</u>	<u>\$ (147,564)</u>	<u>\$ 280,603</u>	<u>\$ (106,196)</u>

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 (EARS), which was 10.13 years at June 30, 2025 and 2024. 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	2025	2024
2025		\$ 24,325
2026	\$ (4,352)	15,186
2027	37,720	57,258
2028	(13,477)	6,061
2029	(1,479)	18,059
2030	2,155	
Thereafter	(1,352)	36,649
	<u>\$ 19,215</u>	<u>\$ 157,538</u>

Payable to the OPEB Plan: There were no payables to the Plan at June 30, 2025 and 2024.

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, 2025 and 2024 were \$19,936 and \$37,918, respectively. Employer contributions made to the Plan during the years ended June 30, 2025 and 2024 were \$9,984 and \$9,600, respectively.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE K – OTHER STATE GRANT PROGRAMS

State of Good Repair: The State of Good Repair (SGR) program 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) had previously elected to treat these funds on a cost reimbursement basis but removed the cost reimbursement requirement during the year ended June 30, 2024. SGR funds receivable from SACOG at June 30, 2025 and 2024 were \$1,911,770 and \$1,577,272, respectively. SGR funds of \$53,238 and \$55,554 were spent on equipment and preventive maintenance, respectively, during the year ended June 30, 2025. No SGR funds were received or expended during the year ended June 30, 2024, respectively.

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).

The District received \$500,203 and \$462,838 during the years ended June 30, 2025 and 2024 for zero emission bus procurement and transit fare subsidies, respectively. As of June 30, LCTOP funds received and expended were verified in the course of the audit as follows:

	2025	2024
Unexpended Proceeds, Beginning of Year	\$ 1,766,830	\$ 1,452,320
Revenue Received	500,203	462,838
Investment Earnings	104,317	62,605
Expenses Incurred:		
Fare Replacement	(314,986)	(210,933)
Expansion of Yolobus Route 42A/B Intercity	(270,505)	
Unexpended Proceeds, End of Year	\$ 1,785,859	\$ 1,766,830

Unexpended LCTOP revenue at June 30, 2025 is approved for zero emission and battery electric buses with the related infrastructure, expansion of Yolobus route 42A/B intercity, and transit fare subsidies.

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 deductible of \$50,000 for the policy. Settled claims resulting from all risks have not exceeded the District’s commercial insurance coverage. There have been no reductions in insurance coverage and claims have not exceeded insurance coverage during the past three years. CalTIP may be contacted at 1750 Creekside Drive, Suite 200, Sacramento, California 95833 or at www.caltiponline.org.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

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 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, 2025 and 2024 under contract amendment number 2 using current service levels was \$808,805 and \$10,487,891, 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 using current service levels under contract amendment number 2. In June 2025, the District exercised the option to extend the contract for the first option period from August 1, 2025 to July 31, 2026.

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 2024 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.

In July 2023, the District awarded a contract in the amount of \$559,707 to Fehr & Peers to assist with the initial planning and outreach phase of the Yolo Active Transportation Corridors (YATC) Plan. As of June 30, 2025, there is a remaining balance of \$163,128 unspent on the contract.

In April 2024, the District awarded a contract in the amount of \$439,952 to consultants to assist with the development of the District's Short Range Transit Plan 2024-2031. As of June 30, 2025, there is a remaining balance of \$232,751 unspent on the contract.

On May 13, 2024, the Board of Directors approved Resolution 2024-10 to authorize a co-operative agreement with Washington State Department of Enterprise Services for the procurement of three CNG buses for an amount not to exceed \$2,800,000. The procurement will use 5307 federal and SGR funding.

On June 10, 2024, the Board of Directors approved Resolution 2024-11 to authorize an agreement with a consultants for up to \$485,000 to assist on developing a Sustainable Campus Transportation Plan (CTP) for UC Davis. The agreement will use funds from a \$500,000 grant previously awarded by Caltrans for the CTP in June 2023. As of June 30, 2025, there is a remaining balance of \$299,318 unspent on the contract.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE N – COMMITMENTS AND CONTINGENCIES (Continued)

The District has partnered with Caltrans on the Yolo 80 Managed Lanes Project, which focuses on constructing approximately 17 center-line miles of tolled managed lanes in both directions on Interstate 80 (I-80) and United States 50 (US-50) in Yolo County and portions of Sacramento County to alleviate bottlenecks and address an increasing capacity constraint. In January 2024, the District entered into a Joint Exercise of Powers Agreement to create the Capital Area Regional Tolling Authority with SACOG and Caltrans for the purpose of developing and operating toll facilities throughout the region, including the Yolo 80 Managed Lanes project. The District has been awarded a total of \$2,000,000 of Surface Transportation Block Grant Program funds for and the District has approved a consultant contract not to exceed \$1.77 million for advance planning on the project. As of June 30, 2025, there is a remaining balance of \$882,365 unspent on the contract. In July 2024, the Board of Directors authorized a Capital Project Transfer and Expenditure Contract with Caltrans for the Yolo 80 Managed Lanes Project with \$85.9 million of Infrastructure for Rebuilding America (INFRA) grant funds. The INFRA grant funds were previously awarded to the District by the Federal Highways Administration (FHWA) for the design and construction of the Yolo 80 Managed Lanes Project in the summer of 2021. Because Caltrans is responsible for constructing the project, the transfer of the INFRA grant funds is needed to allow Caltrans to directly invoice FHWA for expenses incurred.

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 \$28,515 and \$28,531 for the years ended June 30, 2025 and 2024, respectively.

NOTE P – CHANGE IN ACCOUNTING PRINCIPLE

The District implemented GASB Statement No. 101, *Compensated Absences*, during the year ended June 30, 2025, which resulted in sick leave payable being accrued for time expected to be taken off by employees for illnesses. As a result of this change of accounting principle, the compensated absences liability increased and net position decreased at July 1, 2023 and salaries and benefits expense decreased during the year ended June 30, 2024 as follows:

	As Previously Reported	Restatement	As Restated
Compensated Absences - July 1, 2023	\$ 71,094	\$ 19,237	\$ 90,331
Net Position - July 1, 2023	\$ 32,510,581	\$ (19,237)	\$ 32,491,344
Change in Net Position - Year Ended June 30, 2024	\$ 413,930	\$ 484	\$ 414,414

NOTE Q – SUBSEQUENT EVENTS

On July 14, 2025, the Board of Directors approved Resolution No. 2025-08 authorizing an amendment to a professional services agreement with Fehr & Peers for Phase 2 design and engineering of the Yolo Active Transportation Corridors (YATC) project. The amendment increased the total authorized project budget from \$1,200,000 to \$1,400,000 and extended the contract term through December 31, 2026. Funding includes remaining federal RAISE grant funds and up to \$200,000 of unrestricted District funds.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE Q – SUBSEQUENT EVENTS (Continued)

On July 14, 2025, the Board of Directors approved Resolution No. 2025-09 authorizing the procurement of two battery electric 40-foot buses through a cooperative purchasing agreement with the Washington State Department of Enterprise Services. The purchase is authorized for an amount not to exceed \$3,252,886 and will be funded by a combination of state LCTOP and federal transportation funds.

On February 9, 2026, the Board of Directors approved Resolution No. 2026-02 accepting funding from an Affordable Housing and Sustainable Communities Grant awarded by the California Department of Housing and Community Development and the Strategic Growth Council. The total project award is \$27,999,100, which includes a \$14,000,000 loan award that will be used by the District's partners, the Yolo County Housing Authority and the City of Woodland, towards the Tupelo Project, which will transform a 2.4-acre site in Woodland into a mid-rise affordable housing community. The remaining \$13,999,100 is a grant award that will be used by the District towards the purchase of nine and a half new electric buses, five electric charging stations, and ten bus shelters in the project vicinity.

REQUIRED SUPPLEMENTARY INFORMATION

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YOLO COUNTY TRANSPORTATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2025

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Proportion of the net pension liability at measurement date	0.03170%	0.03277%	0.03227%	0.04209%	0.03149%	0.03123%	0.03102%	0.03066%	0.03082%	0.03277%
Proportionate share of the net pension liability	\$ 1,533,394	\$ 1,638,817	\$ 1,510,040	\$ 799,299	\$ 1,328,227	\$ 1,250,443	\$ 1,169,092	\$ 1,208,539	\$ 1,070,526	\$ 899,146
Covered - employee payroll for measurement period	\$ 1,508,980	\$ 1,283,991	\$ 842,774	\$ 800,368	\$ 833,828	\$ 835,543	\$ 868,639	\$ 829,909	\$ 688,885	\$ 629,657
Proportionate share of the net pension liability as percentage of covered payroll	101.62%	127.63%	179.17%	99.87%	159.29%	149.66%	134.59%	145.62%	155.40%	142.80%
Plan fiduciary net position	\$ 5,391,406	\$ 4,674,463	\$ 4,212,793	\$ 4,299,658	\$ 3,666,769	\$ 3,385,880	\$ 3,288,483	\$ 2,941,348	\$ 2,750,531	\$ 2,694,045
Plan fiduciary net position as a percentage of the total pension liability	77.86%	74.04%	73.61%	84.32%	73.41%	73.03%	73.77%	70.88%	71.98%	74.98%
<u>Notes to Schedule:</u>										
Changes in assumptions:										
Discount rate changes in accounting valuation	6.90%	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution during employer's fiscal year (actuarially determined)	\$ 345,303	\$ 326,785	\$ 299,979	\$ 209,857	\$ 180,897	\$ 179,921	\$ 155,826	\$ 149,656	\$ 138,557	\$ 123,865
Contributions in relation to the actuarially determined contributions	(345,303)	(326,785)	(299,979)	(209,857)	(180,897)	(179,921)	(155,826)	(149,656)	(138,557)	(123,865)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll for employer's fiscal year	\$ 1,559,528	\$ 1,508,980	\$ 1,283,991	\$ 842,774	\$ 800,368	\$ 833,828	\$ 835,543	\$ 868,639	\$ 829,909	\$ 688,885
Contributions as a percentage of covered - employee payroll	22.14%	21.66%	23.36%	24.90%	22.60%	21.58%	18.65%	17.23%	16.70%	17.98%
<u>Notes to Schedule:</u>										
Contributions valuation 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	June 30, 2013
Accounting valuation date:	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	June 30, 2014
Accounting measurement date:	June 30, 2024	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
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	2.30%	2.30%	2.50%	2.50%	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%
Salary increases						Varies depending on entry age and service				
Investment rate of return and discount rate	6.80%	6.80%	7.00%	7.00%	7.00%	7.250%	7.375%	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									

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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 109,754	\$ 32,621	\$ 31,671	\$ 60,360	\$ 58,602	\$ 43,073	\$ 39,508	\$ 38,264
Interest	76,989	64,475	62,960	68,530	62,422	65,631	60,354	55,162
Changes in benefit terms				(74,716)				
Differences between expected and actual experience		(42,249)		(15,164)		(134,011)		
Changes in assumptions	(70,198)	130,485		90,331		(3,816)	27,647	
Benefit payments	(52,208)	(65,761)	(76,132)	(35,713)	(35,325)	(29,178)	(22,747)	(23,359)
Net change in total OPEB liability	64,337	119,571	18,499	93,628	85,699	(58,301)	104,762	70,067
Total OPEB liability - beginning	1,168,198	1,048,627	1,030,128	936,500	850,801	909,102	804,340	734,273
Total OPEB liability - ending (a)	<u>\$ 1,232,535</u>	<u>\$ 1,168,198</u>	<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	\$ 16,869	\$ 26,834	\$ 76,132	\$ 93,267	\$ 83,559	\$ 138,178	\$ 108,591	\$ 50,008
Net investment income	140,696	79,633	(191,692)	296,879	35,056	52,327	54,185	44,697
Benefit payments	(52,208)	(65,761)	(76,132)	(35,713)	(35,325)	(29,178)	(22,747)	(23,359)
Investment experience								21,219
Administrative expenses	(419)	(360)	(363)	(408)	(487)	(179)	(1,293)	(337)
Net change in plan fiduciary net position	104,938	40,346	(192,055)	354,025	82,803	161,148	138,736	92,228
Plan fiduciary net position - beginning	1,280,582	1,240,236	1,432,291	1,078,266	995,463	834,315	695,579	603,351
Plan fiduciary net position - ending (b)	<u>\$ 1,385,520</u>	<u>\$ 1,280,582</u>	<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>\$ (152,985)</u>	<u>\$ (112,384)</u>	<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>112.41%</u>	<u>109.62%</u>	<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>\$ 1,503,216</u>	<u>\$ 1,320,178</u>	<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>-10.18%</u>	<u>-8.51%</u>	<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, 2023	June 30, 2023	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, 2024	June 30, 2023	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	None	None
Changes in assumptions - discount rate change	6.55%	6.15%	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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution - employer fiscal year	\$ 119,125	\$ -	\$ -	\$ 3,816	\$ 92,089	\$ 83,559	\$ 80,978	\$ 79,191
Contributions in relation to the actuarially determined contributions	<u>(9,597)</u>	<u>(16,869)</u>	<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>\$ 109,528</u>	<u>\$ (16,869)</u>	<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	\$ 1,563,462	\$ 1,503,216	\$ 1,320,178	\$ 1,005,452	\$ 880,557	\$ 875,236	\$ 873,424	\$ 871,734
Contributions as a percentage of covered-employee payroll	0.61%	1.12%	2.03%	7.57%	10.59%	9.55%	15.82%	12.46%

Notes to Schedule:

Valuation date	June 30, 2023	June 30, 2023	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, 2024	June 30, 2023	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							
	Level dollar, open				Level percentage of payroll, closed			
Amortization method/period								
Asset valuation method					Market value			
Discount rate - contributions	6.15%	6.15%	6.15%	6.15%	5.75%	5.75%	5.75%	5.75%
Discount rate - accounting	6.55%	6.15%	6.15%	7.00%	7.00%	7.00%	7.00%	7.25%
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%
Salary increases	3.00%	3.25%	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	2022	2022	2018	2017	2017	2017
Healthcare trend rates:								
Initial rate	9.08%	9.08%	5.80%	5.80%	5.40%	5.40%	7.50%	7.50%
Trending down to	3.90%	3.90%	3.90%	3.90%	4.00%	4.00%	5.00%	5.00%
Participation assumption	100%	100%	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, 2025

	Fixed Route Service	ADA/Paratransit Service	Total	Eliminating Entries	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 9,919,021	\$ 150,134	\$ 10,069,155		\$ 10,069,155
Due from Other Governments	6,562,848	734,342	7,297,190		7,297,190
Due from Other Funds	1,439,557		1,439,557	\$ (1,439,557)	
Accounts Receivable	243,857	209,391	453,248		453,248
TOTAL CURRENT ASSETS	18,165,283	1,093,867	19,259,150	(1,439,557)	17,819,593
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents	1,785,859	29,275	1,815,134		1,815,134
Other Postemployment Benefits Asset	152,985		152,985		152,985
Capital Assets:					
Nondepreciable	465,000		465,000		465,000
Depreciable/Amortizable, Net	16,659,834	39,445	16,699,279		16,699,279
Total Capital Assets, Net	17,124,834	39,445	17,164,279		17,164,279
TOTAL NONCURRENT ASSETS	19,063,678	68,720	19,132,398		19,132,398
TOTAL ASSETS	37,228,961	1,162,587	38,391,548	(1,439,557)	36,951,991
DEFERRED OUTFLOWS OF RESOURCES					
Pension Plan	754,069		754,069		754,069
Other Postemployment Benefits Plan	176,376		176,376		176,376
TOTAL DEFERRED OUTFLOWS OF RESOURCES	930,445		930,445		930,445
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 38,159,406	\$ 1,162,587	\$ 39,321,993	\$ (1,439,557)	\$ 37,882,436
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
CURRENT LIABILITIES					
Accounts Payable	\$ 2,500,199	\$ 348,077	\$ 2,848,276		\$ 2,848,276
Accrued Wages	70,133		70,133		70,133
Due to Other Governments	396,584	66,510	463,094		463,094
Unearned Revenue	1,785,859		1,785,859		1,785,859
Due to Other Funds		1,439,557	1,439,557	\$ (1,439,557)	
Compensated Absences	113,244		113,244		113,244
Subscription Liability	31,910		31,910		31,910
TOTAL CURRENT LIABILITIES	4,897,929	1,854,144	6,752,073	(1,439,557)	5,312,516
NONCURRENT LIABILITIES					
Compensated Absences	15,748		15,748		15,748
Subscription Liability	34,387		34,387		34,387
Net Pension Liability	1,533,394		1,533,394		1,533,394
TOTAL NONCURRENT LIABILITIES	1,583,529		1,583,529		1,583,529
TOTAL LIABILITIES	6,481,458	1,854,144	8,335,602	(1,439,557)	6,896,045
DEFERRED INFLOWS OF RESOURCES					
Pension Plan	76,663		76,663		76,663
Other Postemployment Benefits Plan	147,564		147,564		147,564
TOTAL DEFERRED INFLOWS OF RESOURCES	224,227		224,227		224,227
NET POSITION					
Net Investment in Capital Assets	16,917,209	39,445	16,956,654		16,956,654
Restricted for Capital Expenses	2,117,856	29,275	2,147,131		2,147,131
Unrestricted	12,418,656	(760,277)	11,658,379		11,658,379
TOTAL NET POSITION	31,453,721	(691,557)	30,762,164		30,762,164
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 38,159,406	\$ 1,162,587	\$ 39,321,993	\$ (1,439,557)	\$ 37,882,436

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING STATEMENT OF NET POSITION

June 30, 2024

	Fixed Route Service (As restated)	ADA/Paratransit Service	Total	Eliminating Entries	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 8,115,674	\$ 575,995	\$ 8,691,669		\$ 8,691,669
Due from Other Governments	7,361,641	34,110	7,395,751		7,395,751
Due from Other Funds	573,134		573,134	\$ (573,134)	
Accounts Receivable	534,303	13,310	547,613		547,613
TOTAL CURRENT ASSETS	16,584,752	623,415	17,208,167	(573,134)	16,635,033
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents	2,218,476	27,781	2,246,257		2,246,257
Other Postemployment Benefits Asset	112,384		112,384		112,384
Capital Assets:					
Nondepreciable	465,000		465,000		465,000
Depreciable/Amortizable, Net	18,777,150	60,946	18,838,096		18,838,096
Total Capital Assets, Net	19,242,150	60,946	19,303,096		19,303,096
TOTAL NONCURRENT ASSETS	21,573,010	88,727	21,661,737		21,661,737
TOTAL ASSETS	38,157,762	712,142	38,869,904	(573,134)	38,296,770
DEFERRED OUTFLOWS OF RESOURCES					
Pension Plan	869,336		869,336		869,336
Other Postemployment Benefits Plan	280,603		280,603		280,603
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,149,939		1,149,939		1,149,939
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 39,307,701	\$ 712,142	\$ 40,019,843	\$ (573,134)	\$ 39,446,709
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
CURRENT LIABILITIES					
Accounts Payable	2,075,797	\$ 333,899	\$ 2,409,696		\$ 2,409,696
Accrued Wages	63,330		63,330		63,330
Due to Other Governments	305,722	54,258	359,980		359,980
Unearned Revenue	1,766,830		1,766,830		1,766,830
Due to Other Funds		573,134	573,134	\$ (573,134)	
Compensated Absences	87,232		87,232		87,232
TOTAL CURRENT LIABILITIES	4,298,911	961,291	5,260,202	(573,134)	4,687,068
NONCURRENT LIABILITIES					
Compensated Absences	16,355		16,355		16,355
Net Pension Liability	1,638,817		1,638,817		1,638,817
TOTAL NONCURRENT LIABILITIES	1,655,172		1,655,172		1,655,172
TOTAL LIABILITIES	5,954,083	961,291	6,915,374	(573,134)	6,342,240
DEFERRED INFLOWS OF RESOURCES					
Pension Plan	92,515		92,515		92,515
Other Postemployment Benefits Plan	106,196		106,196		106,196
TOTAL DEFERRED INFLOWS OF RESOURCES	198,711		198,711		198,711
NET POSITION					
Net Investment in Capital Assets	19,242,150	60,946	19,303,096		19,303,096
Restricted for Capital Expenses	2,028,917	27,781	2,056,698		2,056,698
Unrestricted	11,883,840	(337,876)	11,545,964		11,545,964
TOTAL NET POSITION	33,154,907	(249,149)	32,905,758		32,905,758
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 39,307,701	\$ 712,142	\$ 40,019,843	\$ (573,134)	\$ 39,446,709

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

For the Year Ended June 30, 2025

	Fixed Route Service	ADA/Paratransit Service	Total
OPERATING REVENUE			
Passenger Fares	\$ 1,054,507	\$ 150,276	\$ 1,204,783
Special Fares	1,916,953	187,545	2,104,498
TOTAL OPERATING REVENUE	2,971,460	337,821	3,309,281
OPERATING EXPENSES			
Purchased Transportation	10,260,266	1,954,229	12,214,495
Salaries and Benefits	2,148,079	263,728	2,411,807
Insurance	1,290,238	262,721	1,552,959
Vehicle Fuel	1,231,263	126,532	1,357,795
Other Services and Supplies	1,791,481	41,743	1,833,224
Depreciation and amortization	2,610,040	58,939	2,668,979
TOTAL OPERATING EXPENSES	19,331,367	2,707,892	22,039,259
NET LOSS FROM OPERATIONS	(16,359,907)	(2,370,071)	(18,729,978)
NONOPERATING REVENUES (EXPENSES)			
Federal Transit Administration Grants:			
Operating Grants	6,298,557	703,157	7,001,714
Local Transportation Fund and State Transit			
Assistance Allocation	6,284,525	1,219,218	7,503,743
Low Carbon Fuel Credits	25,349		25,349
Investment Income	309,530	5,288	314,818
Auxiliary Transportation	113,015		113,015
State Grants	741,711		741,711
Other Nonoperating Revenues	383,696		383,696
Cost of Fuel Sales to External Parties	(41,607)		(41,607)
Highway 80 Managed Lanes Project	(898,671)		(898,671)
Other Pass-through Grants to Other Governments	(24,000)		(24,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	13,192,105	1,927,663	15,119,768
NET LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(3,167,802)	(442,408)	(3,610,210)
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Federal Transit Administration Grant	1,132,118		1,132,118
State of Good Repair	334,498		334,498
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	1,466,616		1,466,616
CHANGE IN NET POSITION	(1,701,186)	(442,408)	(2,143,594)
Net Position at Beginning of Year	33,154,907	(249,149)	32,905,758
NET POSITION AT END OF YEAR	\$ 31,453,721	\$ (691,557)	\$ 30,762,164

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

For the Year Ended June 30, 2024

	Fixed Route Service (As restated)	ADA/Paratransit Service	Total
OPERATING REVENUE			
Passenger Fares	\$ 956,283	\$ 132,387	\$ 1,088,670
Special Fares	1,914,641	209,131	2,123,772
TOTAL OPERATING REVENUE	2,870,924	341,518	3,212,442
OPERATING EXPENSES			
Purchased Transportation	9,338,436	1,821,215	11,159,651
Salaries and Benefits	2,105,182	238,757	2,343,939
Insurance	772,099	166,095	938,194
Vehicle Fuel	1,127,313	140,653	1,267,966
Other Services and Supplies	1,230,522	97,964	1,328,486
Depreciation and amortization	2,556,681	87,796	2,644,477
TOTAL OPERATING EXPENSES	17,130,233	2,552,480	19,682,713
NET LOSS FROM OPERATIONS	(14,259,309)	(2,210,962)	(16,470,271)
NONOPERATING REVENUES (EXPENSES)			
Federal Transit Administration Grants:			
Operating Grants	6,530,584		6,530,584
Local Transportation Fund and State Transit			
Assistance Allocation	7,575,981	1,913,000	9,488,981
Low Carbon Fuel Credits	69,544		69,544
Investment Income	407,851	5,547	413,398
Auxiliary Transportation	148,376		148,376
State Grants	210,963		210,963
Other Nonoperating Revenues	175,619		175,619
Cost of Fuel Sales to External Parties	(69,559)		(69,559)
HYW 80 Managed Lines Project Expense	(424,601)		(424,601)
Other Pass-through Grants to Other Governments	(402,200)		(402,200)
Gain on Disposal of Capital Assets	525		525
TOTAL NONOPERATING REVENUES (EXPENSES)	14,223,083	1,918,547	16,141,630
NET LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(36,226)	(292,415)	(328,641)
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Federal Transit Administration Grant	397,905		397,905
State of Good Repair	345,150		345,150
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	743,055		743,055
CHANGE IN NET POSITION	706,829	(292,415)	414,414
Net Position at Beginning of Year - as Previously Reported	32,467,315	43,266	32,510,581
Restatement for Change in Accounting Principle - Note P	(19,237)		(19,237)
Net Position at Beginning of Year - as Restated	32,448,078	43,266	32,491,344
NET POSITION AT END OF YEAR	\$ 33,154,907	\$ (249,149)	\$ 32,905,758

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF CASH FLOWS

For the Year Ended June 30, 2025

	Fixed Route Service	ADA/Paratransit Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts From Customers	\$ 3,214,735	\$ 144,665	\$ 3,359,400
Cash Paid to Suppliers for Goods and Services	(14,199,312)	(2,358,795)	(16,558,107)
Cash Paid to Employees for Services	(2,016,885)	(263,728)	(2,280,613)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(13,001,462)</u>	<u>(2,477,858)</u>	<u>(15,479,320)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants and Subsidies	15,147,945	1,219,218	16,367,163
Pass-through Payments	(24,000)		(24,000)
Other Income	527,031		527,031
Internal Receipts (Payments)	(866,423)	866,423	
Other Expenses	(940,278)		(940,278)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>13,844,275</u>	<u>2,085,641</u>	<u>15,929,916</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions Received	503,486		503,486
Acquisition of Capital Assets	(285,099)	(37,438)	(322,537)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>218,387</u>	<u>(37,438)</u>	<u>180,949</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Income Received on Pooled Investments	309,530	5,288	314,818
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>309,530</u>	<u>5,288</u>	<u>314,818</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,370,730	(424,367)	946,363
Cash and Cash Equivalents at Beginning of Year	<u>10,334,150</u>	<u>603,776</u>	<u>10,937,926</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 11,704,880</u>	<u>\$ 179,409</u>	<u>\$ 11,884,289</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING STATEMENT OF NET POSITION			
Cash and Cash Equivalents	\$ 9,919,021	\$ 150,134	\$ 10,069,155
Restricted Cash and Cash Equivalents	<u>1,785,859</u>	<u>29,275</u>	<u>1,815,134</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 11,704,880</u>	<u>\$ 179,409</u>	<u>\$ 11,884,289</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:			
Net Loss From Operations	\$ (16,359,907)	\$ (2,370,071)	\$ (18,729,978)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:			
Depreciation and amortization	2,610,040	58,939	2,668,979
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:			
Accounts Receivable and Due from Other Governments	243,275	(193,156)	50,119
Net OPEB Asset/Liability	(40,601)		(40,601)
Deferred Outflows of Resources - Pension Plan	115,267		115,267
Deferred Outflows of Resources - OPEB Plan	104,227		104,227
Accounts Payable and Due to Other Governments	373,936	26,430	400,366
Accrued Wages	6,803		6,803
Compensated Absences	25,405		25,405
Net Pension Liability	(105,423)		(105,423)
Deferred Inflows of Resources - Pension Plan	(15,852)		(15,852)
Deferred Inflows of Resources - OPEB Plan	41,368		41,368
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (13,001,462)</u>	<u>\$ (2,477,858)</u>	<u>\$ (15,479,320)</u>

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF CASH FLOWS

For the Year Ended June 30, 2024

	Fixed Route Service (As restated)	ADA/Paratransit Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts From Customers	\$ 4,016,236	\$ 328,656	\$ 4,344,892
Cash Paid to Suppliers for Goods and Services	(13,858,131)	(2,300,560)	(16,158,691)
Cash Paid to Employees for Services	(2,081,921)	(238,757)	(2,320,678)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(11,923,816)</u>	<u>(2,210,661)</u>	<u>(14,134,477)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants and Subsidies	14,317,528	2,228,326	16,545,854
Pass-through Payments	(402,200)		(402,200)
Other Income	(948,802)		(948,802)
Internal Receipts (Payments)	(324,996)	324,996	
Other Expenses	(494,160)		(494,160)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>12,147,370</u>	<u>2,553,322</u>	<u>14,700,692</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions Received	(1,013,643)		(1,013,643)
Acquisition of Capital Assets	(2,728,775)	(7,747)	(2,736,522)
Proceeds From Sale of Capital Assets	6,525		6,525
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,735,893)</u>	<u>(7,747)</u>	<u>(3,743,640)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Income Received on Pooled Investments	407,851	5,547	413,398
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>407,851</u>	<u>5,547</u>	<u>413,398</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,104,488)	340,461	(2,764,027)
Cash and Cash Equivalents at Beginning of Year	13,438,638	263,315	13,701,953
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 10,334,150</u>	<u>\$ 603,776</u>	<u>\$ 10,937,926</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING STATEMENT OF NET POSITION			
Cash and Cash Equivalents	\$ 8,115,674	\$ 575,995	\$ 8,691,669
Restricted Cash and Cash Equivalents	2,218,476	27,781	2,246,257
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 10,334,150</u>	<u>\$ 603,776</u>	<u>\$ 10,937,926</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:			
Net Loss From Operations	\$ (14,259,309)	\$ (2,210,962)	\$ (16,470,271)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:			
Depreciation and amortization	2,556,681	87,796	2,644,477
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:			
Accounts Receivable and Due from Other Governments	869,792	(12,862)	856,930
Net OPEB Asset/Liability	79,225		79,225
Deferred Outflows of Resources - Pension Plan	(96,783)		(96,783)
Deferred Outflows of Resources - OPEB Plan	(68,048)		(68,048)
Accounts Payable and Due to Other Governments	(1,114,241)	(74,633)	(1,188,874)
Accrued Wages	5,081		5,081
Compensated Absences	13,256		13,256
Net Pension Liability	128,777		128,777
Deferred Inflows of Resources - Pension Plan	(58,596)		(58,596)
Deferred Inflows of Resources - OPEB Plan	20,349		20,349
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (11,923,816)</u>	<u>\$ (2,210,661)</u>	<u>\$ (14,134,477)</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 Yolo County Transportation District (the District), and its fiduciary fund as of and for the year ended June 30, 2025, 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 18, 2026.

Report on 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 opinions 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 deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2025-001, 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 as instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, the TDA or other state grant program requirements that is reported as Finding 2025-002 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 the 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 18, 2026

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
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

Opinion on Each Major Federal Program

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, 2025. 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.

In our opinion, 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, 2025.

Basis for Opinion on Each Major Federal Program

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 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.

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

To the Board of Directors
Yolo County Transportation District

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 are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2025-002. Our opinion on each major federal program is not modified with respect to these matters.

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

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

To the Board of Directors
Yolo County Transportation District

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2025-002 to be a significant deficiency.

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 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.

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 18, 2026

YOLO COUNTY TRANSPORTATION DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2025

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? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 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 and 20.526	Federal Transit Cluster
20.205	Highway Planning and Construction

- | | |
|---|-----------|
| 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)? | No |

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

For the Year Ended June 30, 2025

B. CURRENT YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Finding 2025-001 – Material Weakness

Condition: 29 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 audit adjustments were necessary to report the financial statement in accordance with GAAP.

Context: Although the number of audit adjustments and closing entries did not decline from the prior year, many of the entries were due to the District continuing to review grants to ensure all qualifying expenses were claimed after the audit began and one of the adjustments was to implement a new accounting standard, GASB Statement No. 101, *Compensated Absences*, which was in progress when the audit began. Improvement was noted after considering these unique changes.

Recommendation: We recommend the District finalize the closing checklist that is currently being developed to ensure all necessary closing entries are identified during the closing period. Implementation of the recommendations communicated in finding 2025-002 will also help reduce the number of audit adjustments related to grant receivables and revenue.

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 2025-002

See this finding under the Major Federal Awards Programs Audit section. This finding is also considered a compliance finding for the financial statement audit.

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

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM

None

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

2025-002 – Significant Deficiency

AL Nos: 20.507 and 20.526, 20.205

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

Compliance Requirement: Other Compliance Requirements

Award Nos: All awards under Assistance Listing (AL) Numbers 20.507, 20.526, and 20.205

YOLO COUNTY TRANSPORTATION DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2025

Condition: Several changes were made to the schedule of expenditures of federal awards (SEFA) after the single audit began, including:

- The periods of performance had to be updated on several grants.
- Missing criteria, such as the award date, had to be added for new grants.
- The assistance listing number was corrected for two grants.
- A grant amount immaterial to the major program was removed from the SEFA after the single audit began.
- Adjustments were made to the SEFA after the audit began to claim current year expenses for disallowed 2024 costs to fully implement the recommendation made in the 2024 single audit.
- Qualified expenses were shifted between eligible routes for one grant on the SEFA.

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: Grant management procedures are not documented, a complete schedule of all available grants to use when reconciling expenses for inclusion on the SEFA and accruing grant revenue was a work in progress and not all necessary changes were identified by the District’s review procedures

Effect: Expenses were omitted from the SEFA and other expenses were included on the SEFA that were already reported in the prior year. The SEFA had to be revised, which delayed the audit testing and major program determination process.

Context: The number of grants has increased since the pandemic due to new pandemic related grants becoming available that delayed the use of the District’s regular federal grants. This caused grants to be combined by grantors with different allowable expenses, areas of service, and periods of performance and caused grants to be extended, causing significant complexity. The dollar amount of auditor changes made to the SEFA were immaterial and the SEFA was not relied upon by the District to ensure compliance with compliance requirements so the changes to the SEFA did not result in noncompliance with other compliance requirements. The District staff made a significant effort to bill all qualifying expenses during the audit, which will help reduce the complexity of remaining grants in future years.

Recommendation: We recommend the District develop written procedures to allocate expenses to routes and purposes under federal grants that document the timing of the preparation and review of the allocation schedule. A summary tab should be added to the allocation schedule to reconcile amounts for each route/purpose to total operating expenses, preventive maintenance, insurance, communications and other expenses allocated to the population of expenses in the general ledger. We also recommend the District develop a schedule to summarize all approved and pending grants that includes the amounts available under each grant, each route/purpose within each grant, periods of performance for each amount available, the last date to submit invoices, and amounts claimed and still available for each grant by route/purpose. The District should re-evaluate budgets if changes or delays occur to federal grants and ensure a new federal or local funding source is identified and claimed for the expenses. The SEFA should be prepared after expenses are reconciled to the general ledger at the invoice/paycheck level by route/purpose and the allocation schedule is thoroughly reviewed. The SEFA should be reviewed by a knowledgeable member of management to ensure completeness and accuracy. We also recommend the District claim expenses more quickly to allow the granting agency time to review and approve the claims before the audit begins. We recommend the District reconcile expenses within 30 days of quarter end and prepare claims within 45 days of quarter end. If the District is unsure about the period of performance dates or other restrictions on a grant, staff should contact the granting agency for clarification. Finally, we recommend the District request the grants be made available for general operating expenses rather than for individual routes, times etc. to reduce complexity wherever possible.

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.

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

For the Year Ended June 30, 2025

D. SCHEDULE OF PRIOR YEAR FINDINGS

FINANCIAL STATEMENT AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Finding 2024-001 – Material Weakness

Condition: 22 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 number of audit adjustments and closing entries declined from 30 to 22. Entries were primarily a result of not fully reconciling federal grant revenues and expenses prior to the start of the audit. We noted differences in the allocation of expenses to a number federal grants that resulted in ineligible costs and the reversal of grant revenues as described in Finding 2024-003 that resulted in changes to grant revenues and due from other governments. Adjustments were also made to true-up the fair value of the investment in the County pool, capital asset restrictions and depreciation, restrictions of cash and cash equivalents and net position, and entry to accrue a reimbursement of OPEB contributions receivable requested from the CERBT trust, and other reclassifications for reporting purposes.

Recommendation: We recommend the District finalize the closing checklist that is currently being developed to ensure all necessary closing entries are identified during the closing period. Implementation of the recommendations communicated in finding 2024-003 will also help reduce the number of audit adjustments related to grant receivables and revenue.

Current Status: Finding 2025-001 is a continuation of this finding.

REPORT ON COMPLIANCE AND OTHER MATTERS

Finding 2024-002

Condition: The District overclaimed LTF operating funds by \$2,412,390 during the year and spent capital funds in excess of the amounts claimed for capital purposes in the current and prior years by \$1,406,562.

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 this was largely due to a federal grant programmed for capital asset additions during the year not being approved by the financial statement release date as expected and the STA matching funds necessary to fund the purchase not being fully claimed by the District and approved by SACOG. However, if the federal grant had been approved by the grantor, the District still would not have had enough current year or previously claimed STA funds to use for the local match budgeted since previously claimed STA reported as restricted net position was \$656,583 and STA needed for the budgeted local match was \$1,270,293.

YOLO COUNTY TRANSPORTATION DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2025

Effect: The District is not in compliance with Section 6634 of the California Code of Regulations and the District has approximately 8 months of operating expenses less depreciation in unrestricted net position, which is in excess of the 3-6 months used as SACOG’s rule of thumb as adequate transit operator net position to protect against revenue shortfalls.

Recommendation: We recommend the District discuss the level of unrestricted net position with SACOG to determine whether future LTF or STA claims need to be reduced to use some of the unrestricted net position resulting from overclaimed LTF and STA revenues and claim the remaining amount of STA match needed for the capital purchases made.

Current Status: The District did not overclaim LTF funds in the current year. This finding is considered resolved.

MAJOR FEDERAL AWARD PROGRAMS AUDIT

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM

Finding 2024-003 – Material Weakness

AL No: 20.507

Federal Grantor: U.S. Department of Transportation, Federal Transit Administration, Federal Transit Cluster - 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 two separate Federal Transit Administration (FTA) grants as follows.

- Section 5307 Grant Award CA-2020-173-01: The District overclaimed Sacramento fixed route operating expenses beyond the amount apportioned for these routes in the grant agreement, resulting in ineligible costs of \$183,848 being charged to the program.

Questioned Costs: \$183,548

- Section 5307 Grant Award CA-2023-122-01: The District overclaimed Woodland fixed route operating expenses beyond the amount apportioned for these routes in the grant agreement, resulting in ineligible costs of \$175,143 being charged to the program.

Questioned Costs: \$175,143.

In addition to these ineligible costs, there were substantial changes to the Schedule of Expenditures of Federal Awards (SEFA) and federal grant revenue reported in the general ledger (GL) during the course of the audit. These changes and issues are as follows.

- There was a total of \$302,813 removed from the SEFA and GL for claims prepared for expenses incurred after the period of performance end date specified in the grant for the relevant project and therefore would have been ineligible if the claim was submitted to the grantor. These claims were prepared for paratransit and microtransit operating assistance.
- There was a total of \$243,823 removed from the SEFA and GL for claims prepared for an FTA direct program grant that is already past the end date of the period of performance and therefore would have been ineligible if the claim was submitted to the grantor. These claims were drafted for Woodland microtransit operating assistance.
- There was a total of \$354,429 added to the SEFA for federal grant revenues recorded in the GL but not initially included on the SEFA. These claims are for the Yolo County Bike and Pedestrian Trail Network Planning Project and the Yolo 80 Managed Lanes Tolling Advance Planning project.

YOLO COUNTY TRANSPORTATION DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2025

- There was a total of \$1,106,389 of expenses reported on the SEFA but not recognized as revenue in the GL for amounts previously overclaimed for ineligible expenses but reclaimed and approved for eligible expenses in the current period.

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: Grant management procedures are not documented and a schedule of all available grants was not prepared by the District to use when reconciling expenses for inclusion on the SEFA and accruing grant revenue. The errors on the SEFA were not captured by the District’s review procedures due to recent staff turnover, lack of documented procedures on grant management, and/or lack of training.

Effect: Expenses were omitted from the SEFA that should have been included and other expenses were included on the SEFA that were not eligible. The SEFA had to be revised for multiple grants over the course of the audit, which delayed the audit testing and major program determination process.

Context: The number of grants has increased since the pandemic due to new pandemic related grants becoming available that delayed the use of the District’s regular federal grants. This caused grants to be combined by grantors with different allowable expenses, areas of service, and periods of performance and caused grants to be extended, causing complexity. The District confirmed that there will be no other federal grants used for reimbursement of the expenses that were removed from the SEFA during the audit.

Recommendation: We recommend the District develop written procedures to allocate expenses to routes and purposes under federal grants that document the timing of the preparation and review of the allocation schedule. A summary tab should be added to the allocation schedule to reconcile amounts for each route/purpose to total operating expenses, preventive maintenance, insurance, communications and other expenses allocated to the population of expenses in the general ledger. We also recommend the District develop a schedule to summarize all approved and pending grants that includes the amounts available under each grant, each route/purpose within each grant, periods of performance for each amount available, the last date to submit invoices, and amounts claimed and still available for each grant by route/purpose. The District should re-evaluate budgets if changes or delays occur to federal grants and ensure a new federal or local funding source is identified and claimed for the expenses. The SEFA should be prepared after expenses are reconciled to the GL at the invoice level by route/purpose and the allocation schedule is thoroughly reviewed. The SEFA should be reviewed by a knowledgeable member of management to ensure completeness and accuracy. We also recommend the District claim expenses more quickly to allow the granting agency time to review and approve the claims before the audit begins. We recommend the District reconcile expenses within 30 days of quarter end and prepare claims within 45 days of quarter end. If the District is unsure about the period of performance dates or other restrictions on a grant, staff should contact the granting agency for clarification. Finally, we recommend the District discuss the overclaimed amounts of \$183,548 and \$175,143 described above with the FTA to determine whether these overclaimed funds must be returned or whether they may be used to claim future expenses.

Current Status: Finding 2025-002 is a continuation of this finding. The overclaimed revenues were applied to 2025 expenses prior to claiming additional grant funds at the direction of the Federal Transit Administration.

Finding 2024-004 – Significant Deficiency

AL No: 20.507

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

Compliance Requirement: Procurement, Suspension and Debarment.

Condition: The District was unable to provide documentation of the evaluation each proposal received and reason for selection of the winning bid for the procurement of a consulting firm to conduct the site selection

YOLO COUNTY TRANSPORTATION DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2025

study for the Woodland Transit Center project. The District also did not include a Debarment and Suspension clause in the request for proposal or contract and did not require a certificate confirming the contractor was not debarred in the final agreement. The District was not able to find records of the District verifying that the awarded consulting firm is not on the governmentwide exclusions in the System for Award Management (SAM).

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 200.327 states that “The recipient's or subrecipient's contracts must contain the applicable provisions described in Appendix II of this part.” Appendix II(H) includes “Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.”

Cause: The current staff was not able to find procurement documentation prepared before they were hired.

Effect: The District was unable to provide evidence that it was in compliance with the Uniform Guidance requirement to maintain documentation of procurement procedures.

Context: The original procurement for the consulting firm for the Woodland Transit Project was performed in late December 2017 and awarded in January 2018 and then extended during 2024. This procurement precedes the current staff. It was verified the contractor selected was not debarred during the 2024 single audit.

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 the 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.

Current Status: The District’s procurement documentation was retained and available for procurements selected for testing in the current year. This finding is considered resolved.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

See findings 2024-003 and 2024-004 above.

YOLO COUNTY TRANSPORTATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

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 Cluster				
Federal Transit Formula Grants - Direct Award				
CARES Act Operating Assistance and Planning	20.507		\$ 11,009,254	\$ 2,637,601
ARP Act Operating Assistance	20.507		3,012,294	1,062,010
Operating Assistance, Route 42 "Y" Shuttle and CNG Bus Re-Tanking, Rebuilds, and Converters	20.507		1,811,000	646,514
Operating Assistance and Preventive Maintenance, Woodland Routes	20.507		1,034,223	153,461
Operating Assistance and Preventive Maintenance, Urban Routes	20.507		1,020,111	1,020,111
Preventive Maintenance, Woodland Routes	20.507		329,056	113,857
Microtransit Vehicles Procurement and Parts	20.507		322,997	322,997
Short Range Transit Plan	20.507		127,600	66,097
Woodland Transit Center Planning	20.507		120,000	75,751
CARES Act Operating Assistance, Fixed Routes	20.507		70,000	70,000
Total Federal Transit Formula Grants			<u>18,856,535</u>	<u>6,168,399</u>
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs - Direct Award				
Microtransit Vehicles Procurement and Parts	20.526		669,003	669,003
Total Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs - Direct Award			<u>669,003</u>	<u>669,003</u>
Total U.S. Department of Transportation, Federal Transit Administration - Direct Awards			<u>19,525,538</u>	<u>6,837,402</u>
Passed-through the Sacramento Regional Transit District				
Federal Transit Formula Grants				
UC Davis Medical Center Shuttle Operations	20.507	CA-2019-157-00	1,173,468	165,000
Total Federal Transit Formula Grants, Passed-through the Sacramento Regional Transit District			<u>1,173,468</u>	<u>165,000</u>
Total Federal Transit Cluster			<u>20,699,006</u>	<u>7,002,402</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	64BA22-02095-01	404,424	204,214
Total Formula Grants for Rural Areas and Tribal Transit Program			<u>404,424</u>	<u>204,214</u>
Total U.S. Department of Transportation, Federal Transit Administration			<u>21,103,430</u>	<u>7,206,616</u>
U.S. Department of Transportation, Federal Highway Administration				
Passed through the California Department of Transportation, Division of Rail & Mass Transportation				
Highway Planning and Construction				
Yolo 80 Managed Lanes Tolling Advance Planning	20.205	STPLNI-6195(047)	2,000,000	821,167
Total Highway Planning and Construction			<u>2,000,000</u>	<u>821,167</u>
U.S. Department of Transportation, Office of the Secretary of Transportation				
Passed through the California Department of Transportation, Division of Rail & Mass Transportation				
National Infrastructure Investments				
Yolo County Bike and Pedestrian Trail Network Planning Project	20.933	RAISEL-6195(046)	1,200,000	106,049
Total National Infrastructure Investments			<u>1,200,000</u>	<u>106,049</u>
Total U.S. Department of Transportation			<u>24,303,430</u>	<u>8,133,832</u>
TOTAL FEDERAL AWARDS			<u>\$ 24,303,430</u>	<u>\$ 8,133,832</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, 2025

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, 2025. 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, 2025.

NOTE E – PRIOR YEAR EXPENSES REPORTED ON THE SEFA

The District reported expenses incurred during the year ended June 30, 2024 on the 2025 SEFA as new grant funding became available for 2024 expenses, expiring grants had period of performance end dates extended by the grantor, or the District decided to change the funding source for qualifying expenses from local to federal to use expiring grants as follows:

Description	AL		Reason
	Number	Amount	
CARES Act Operating Assistance and Planning	20.507	\$ 31,577	Period of performance date extended after July 1, 2024
Operating Assistance and Preventive Maintenance, Woodland Routes	20.507	153,461	Funding source revised to use expiring grant
Microtransit Vehicles Procurement and Parts	20.507	318,765	Grant approved after July 1, 2024
Short Range Transit Plan	20.507	18,535	Grant approved after July 1, 2024
Woodland Transit Center Planning	20.507	49,162	Expired grant was extended after July 1, 2024
Total AL 20.507		571,500	
Microtransit Vehicles Procurement and Parts	20.526	657,330	Grant approved after July 1, 2024
Total Transit Cluster		1,228,830	
Rural Operating Assistance	20.509	204,214	Expired grant was extended after July 1, 2024
		<u>\$ 1,433,044</u>	

March 18, 2026

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

Subject: Yolo County Transportation District (YCTD) FY 2024-2025 Single Audit Management Response and Corrective Action Plan

Finding 2025-001 – Material Weakness

Condition: 29 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 audit adjustments were necessary to report the financial statement in accordance with GAAP.

Context: Although the number of audit adjustments and closing entries did not decline from the prior year, many of the entries were due to the District continuing to review grants to ensure all qualifying expenses were claimed after the audit began and one of the adjustments was to implement a new accounting standard, GASB Statement No. 101, *Compensated Absences*, which was in progress when the audit began. Improvement was noted after considering these unique changes.

Recommendation: We recommend the District finalize the closing checklist that is currently being developed to ensure all necessary closing entries are identified during the closing period. Implementation of the recommendations communicated in finding 2025-002 will also help reduce the number of audit adjustments related to grant receivables and revenue.

2025-001 Views of Responsible Officials and Planned Corrective Actions:

Management agrees with the audit recommendations and recognizes the importance of continuing to strengthen the District’s financial reporting and year-end closing processes. The District has made measurable progress in this area during the current year, resulting in fewer and less significant audit adjustments compared to the prior year. Management notes that some adjustments identified during the audit were related to continued review of grant activity to ensure all eligible expenditures were properly recognized, as well as the implementation of

newer accounting standards and processes. Adjustments for Paratransit and Microtransit expenses were attributed to a complex allocation issue related to the annual National Transit Database (NTD) reporting reconciliation, which was still in progress at the time of the audit. Management continues to refine these reconciliation procedures to ensure allocations are finalized prior to year-end closing.

Responsible Party: Director of Finance & Administration

Implementation Date: Ongoing; full implementation expected by December 31, 2026

Finding 2025-002 – Significant Deficiency

AL Nos: 20.507 and 20.526, 20.205

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

Compliance Requirement: Other Compliance Requirements

Award Nos: All awards under Assistance Listing (AL) Numbers 20.507, 20.526, and 20.205

Condition: Several changes were made to the schedule of expenditures of federal awards (SEFA) after the single audit began, including:

- The periods of performance had to be updated on several grants.
- Missing criteria, such as the award date, had to be added for new grants.
- The assistance listing number was corrected for two grants.
- A grant amount immaterial to the major program was removed from the SEFA after the single audit began.
- Adjustments were made to the SEFA after the audit began to claim current year expenses for disallowed 2024 costs to fully implement the recommendation made in the 2024 single audit.
- Qualified expenses were shifted between eligible routes for one grant on the SEFA.

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: Grant management procedures are not documented, a complete schedule of all available grants to use when reconciling expenses for inclusion on the SEFA and accruing grant revenue was a work in progress and not all necessary changes were identified by the District’s review procedures

Effect: Expenses were omitted from the SEFA and other expenses were included on the SEFA that were already reported in the prior year. The SEFA had to be revised, which delayed the audit testing and major program determination process.

Context: The number of grants has increased since the pandemic due to new pandemic related grants becoming available that delayed the use of the District's regular federal grants. This caused grants to be combined by grantors with different allowable expenses, areas of service, and periods of performance and caused grants to be extended, causing significant complexity. The dollar amount of auditor changes made to the SEFA were immaterial and the SEFA was not relied upon by the District to ensure compliance with compliance requirements so the changes to the SEFA did not result in noncompliance with other compliance requirements. The District staff made a significant effort to bill all qualifying expenses during the audit, which will help reduce the complexity of remaining grants in future years.

Recommendation: We recommend the District develop written procedures to allocate expenses to routes and purposes under federal grants that document the timing of the preparation and review of the allocation schedule. A summary tab should be added to the allocation schedule to reconcile amounts for each route/purpose to total operating expenses, preventive maintenance, insurance, communications and other expenses allocated to the population of expenses in the general ledger. We also recommend the District develop a schedule to summarize all approved and pending grants that includes the amounts available under each grant, each route/purpose within each grant, periods of performance for each amount available, the last date to submit invoices, and amounts claimed and still available for each grant by route/purpose. The District should re-evaluate budgets if changes or delays occur to federal grants and ensure a new federal or local funding source is identified and claimed for the expenses. The SEFA should be prepared after expenses are reconciled to the general ledger at the invoice/paycheck level by route/purpose and the allocation schedule is thoroughly reviewed. The SEFA should be reviewed by a knowledgeable member of management to ensure completeness and accuracy. We also recommend the District claim expenses more quickly to allow the granting agency time to review and approve the claims before the audit begins. We recommend the District reconcile expenses within 30 days of quarter end and prepare claims within 45 days of quarter end. If the District is unsure about the period of performance dates or other restrictions on a grant, staff should contact the granting agency for clarification. Finally, we recommend the District request the grants be made available for general operating expenses rather than for individual routes, times etc. to reduce complexity wherever possible.

2025-002 Views of Responsible Officials and Planned Corrective Actions:

Management agrees with the recommendation and recognizes the importance of maintaining strong procedures for the monitoring, allocation and claiming of federal grant expenses. Over the past year, the District has made significant progress addressing the complexity created by the increase in federal grants following the pandemic, including reviewing prior year grant activity, resolving overclaims, coordinating closely with Federal Transit Administration (FTA), and amending grants where necessary.

During this process, the District delayed certain claims while prior year matters were being resolved to ensure that expenses were claimed appropriately and in accordance with grant requirements. Staff also developed improved internal worksheets and summary schedules to track grant activity and allocations across funding sources.

As the District moves beyond the review and resolution of older grant issues, management

expects continued improvement in the monitoring, management, and reconciliation of federal funding sources. The District will continue strengthening internal procedures, including developing more formal written documentation of allocation methodologies, reconciliation schedules, and review procedures. These efforts are expected to further improve timeliness, accuracy, and oversight of grant reporting and claiming activities.

Responsible Party: Director of Finance & Administration

Implementation Date: Ongoing; full implementation expected by December 31, 2026

YCTD Contact Person Responsible for the Correction Actions; Chas Ann Fadrigio.



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Director of Finance &
Administration/CFO



(530) 709-2889



CFadrigio@yctd.org



350 Industrial Way
Woodland, CA 95776



www.Yolotd.org