

YOLO COUNTY TRANSPORTATION DISTRICT

Audited Financial Statements
and Compliance Reports

June 30, 2013 and 2012

YOLO COUNTY TRANSPORTATION DISTRICT

Audited Financial Statements
and Compliance Reports

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Audited Financial Statements

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Yolo County Transportation District (the District), which comprise the balance sheets as of June 30, 2013 and 2012, and the related statements of revenues, expenses, changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2013 and 2012 and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

To the Board of Directors
Yolo County Transportation District

Other Matters

Required Supplementary Information

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

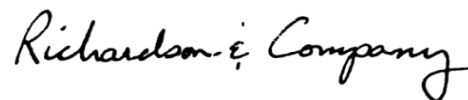
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, including the Transportation Development Act and PTMISEA Guidelines. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



December 17, 2013

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2013 and 2012

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, 2013 and 2012. This discussion should be read in conjunction with the financial statements and accompanying notes, which follow this section.

Background

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

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

Financial Highlights

- Total net position, the level by which total assets exceed total liabilities, declined by approximately \$1.8 million, from \$30.3 million at June 30, 2012 to \$28.5 at June 30, 2013.
- Year-end total net position of \$28.5 million was broken down between \$18.6 million net investment in capital assets, \$2.5 million in restricted capital and \$7.4 million designated as unrestricted.
- For every dollar in current liabilities, the District holds \$25.77 in total assets, up from \$22.25 as of year-end 2012.
- Operating revenues increase slightly in 2012/2013.
- Operating expenses increase 4.5% in 2012/2013 to \$14 million. The slight increase in expenses for 2012/2013 are connected to facility maintenance at the Woodland Mall, the purchase of new office furniture and the start of the Madison bus stop improvements.

The Financial Statements

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

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2013 and 2012

Description of Basic Financial Statements

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

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

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

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

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

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

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

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

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis
June 30, 2013 and 2012

	June 30, 2013	June 30, 2012	Increase (Decrease) from 2012 to 2013	June 30, 2011	Increase (Decrease) from 2011 to 2012
Current Assets	\$ 9,027,332	\$ 9,512,231	\$ (484,899)	\$ 9,339,544	\$ 172,687
Restricted Cash and Investments	2,050,620	2,182,305	(131,685)	2,034,231	148,074
Capital Assets, Net	18,605,144	20,054,625	(1,449,481)	14,621,149	5,433,476
TOTAL ASSETS	\$ 29,683,096	\$ 31,749,161	\$ (2,066,065)	\$ 25,994,924	\$ 5,754,237
Current Liabilities	\$ 1,100,006	\$ 1,368,239	\$ (268,233)	\$ 1,001,867	\$ 366,372
Non-Current Liabilities	52,035	58,383	(6,348)	68,000	(9,617)
TOTAL LIABILITIES	1,152,041	1,426,622	(274,581)	1,069,867	356,755
Net Position					
Net Investment in Capital Assets	18,605,144	20,054,625	(1,449,481)	14,621,149	5,433,476
Restricted for Equipment Replacement	2,050,620	2,182,305	(131,685)	2,034,231	148,074
Restricted for Capital Purposes	500,577	616,195	(115,618)	1,185,223	(569,028)
Unrestricted	7,374,714	7,469,414	(94,700)	7,084,454	384,960
TOTAL NET POSITION	28,531,055	30,322,539	(1,791,484)	24,925,057	5,397,482
TOTAL LIABILITIES AND NET POSITION	\$ 29,683,096	\$ 31,749,161	\$ (2,066,065)	\$ 25,994,924	\$ 5,754,237

District's Assets

Total assets decreased approximately \$2 million to \$29.6 million at June 30, 2013. Assets have decreased primarily due to depreciation of capital assets.

Total assets increased approximately \$5.7 million to \$31.7 million at June 30, 2012. Assets increased primarily because of the up-grade of the Administration and Maintenance facility. This project to up-grade and enlarge the home of Yolobus started its planning phase about ten years ago, with the construction for the facility starting in July of 2011 and completion in the fall of 2013.

District's Liabilities

The slight decrease of current liabilities during the 2012/2013 year was a combination of accounts payable (for the facility improvements), and accrued compensated absences.

Current liabilities increased approximately \$257,000 to around \$1.4 million at June 20, 2012. The primarily reason for that increase was accounts payable (for the facility improvements).

The slight decrease of non-current liabilities during the three year period being June 30, 2011 through June 30, 2013, was the buy down of other post-employment benefits and the addition of long term compensated absences.

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis
June 30, 2013 and 2012

Statement of Revenues, Expenses, and Changes in Net Position

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

	June 30, 2013	June 30, 2012	Increase (Decrease) from 2012 to 2013	June 30, 2011	Increase (Decrease) from 2011 to 2012
Operating Revenues	\$ 2,591,587	\$ 2,574,979	\$ 16,608	\$ 2,468,265	\$ 106,714
Operating Expenses	14,029,923	13,466,197	563,726	12,434,524	1,031,673
Net Loss From Operations	<u>(11,438,336)</u>	<u>(10,891,218)</u>	<u>(547,118)</u>	<u>(9,966,259)</u>	<u>(924,959)</u>
NONOPERATING REVENUES (EXPENSES)					
Local Transportation Fund and State Transit Assistance Allocation	4,996,757	4,887,750	109,007	4,852,359	35,391
Federal Transit Administration grants:					
Operating Grants	2,027,266	2,108,927	(81,661)	1,258,951	849,976
West Sacramento Transit Center				890,387	
State Grants	7,674		7,674	74,787	(74,787)
Mitigation Revenue	1,230,789	1,208,114	22,675	1,169,984	38,130
Miscellaneous Revenues	259,575	291,432	(31,857)	350,478	(59,046)
Auxiliary Transportation	147,396	70,202	77,194	26,034	44,168
Interest Revenue	26,306	51,574	(25,268)	66,054	(14,480)
Pass-through to Other Agencies	(150,000)	(20,000)	(130,000)	(957,923)	937,923
Loss on Disposal of Capital Assets	(330)	(1,700)	1,370	(6,250)	4,550
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>8,545,433</u>	<u>8,596,299</u>	<u>(50,866)</u>	<u>7,724,861</u>	<u>1,761,825</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>1,101,419</u>	<u>7,692,401</u>	<u>(6,590,982)</u>	<u>1,646,395</u>	<u>6,046,006</u>
CHANGES IN NET POSITION	(1,791,484)	5,397,482	(7,188,966)	(595,003)	6,882,872
Net Position at Beginning of Year	<u>30,322,539</u>	<u>24,925,057</u>		<u>25,520,060</u>	
NET POSITION AT END OF YEAR	<u>\$ 28,531,055</u>	<u>\$ 30,322,539</u>	<u>\$ (1,791,484)</u>	<u>\$ 24,925,057</u>	<u>\$ 5,397,482</u>

Operating Revenues

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

Operating Expenses

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

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis
June 30, 2013 and 2012

operating expenses. The slightly increase in expenses for fiscal year 2013 are connected to facility maintenance at the Woodland Mall, the purchase of new office furniture and the start of the Madison bus stop improvements.

The major jump in operating expenses between the 2011 and 2012 fiscal years was due to an accounting decision to expense engine and transmission rebuilds due to the fact that they did not extend the life of the vehicles.

Non-operating Revenues (Expenses)

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

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

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

Pass-through to other agencies are funds that the District receives on behalf of others. During the 2012/2013 the District was the grantee for Yuba/Sutter Transit's JARC project, which were funds that CalTrans moved to the Federal Transit Administration.

Capital contributions consist of grants received by the District from the Federal Transit Administration and the State of California, from either the Department of Transportation or the California Emergency Management Agency relating to capital for improvements owned by the District. In fiscal year 2013 there was a \$6.5 million dollar decrease in funding due to the bulk of the administrative facility construction and 11 large transit vehicles being rehabilitated at the cost of around \$2.4 million being funded during the 2012 fiscal year.

Capital Assets

	2013	2012	Increase (Decrease)	2011	Increase (Decrease)
Capital assets, not being depreciated					
Land	\$ 465,000	\$ 465,000		\$ 465,000	
Work in Progress		5,452,009	\$ (5,452,009)	586,756	\$ 4,865,253
Total capital assets, not being depreciated	465,000	5,917,009	(5,452,009)	1,051,756	4,865,253
Capital assets, being depreciated					
Equipment & Vehicles	27,886,867	27,857,711	29,156	24,035,260	3,822,451
Buildings	10,700,582	4,252,755	6,447,827	4,252,755	-
Total capital assets, being depreciated	38,587,449	32,110,466	6,476,983	28,288,015	3,822,451
Less accumulated depreciation for:					
Equipment & Transit Vehicles	(17,688,315)	(15,482,231)	(2,206,084)	(12,802,774)	(2,679,457)
Building and improvements	(2,758,990)	(2,490,619)	(268,371)	(2,222,248)	(268,371)
Total accumulated depreciation	(20,447,305)	(17,972,850)	(2,474,455)	(15,025,022)	(2,947,828)
Total capital assets being depreciated, net	18,140,144	14,137,616	4,002,528	13,262,993	874,623
Capital assets, net	\$ 18,605,144	\$ 20,054,625	\$ (1,449,481)	\$ 14,314,749	\$ 5,739,876

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2013 and 2012

At the close of 2012/2013, the District's investment in capital assets (net of accumulated depreciation) decreased \$1.4 million to \$18.6 million, from \$20 million at the end of 2011/2012. Capital asset categories are land, work in progress, equipment and vehicles, and buildings. The decrease in capital assets, net was the adjustment for depreciation expense for 2012/2013. The increase from the fiscal year 2011 to 2012 was due to a combination of the work in progress of the administrative facility improvements and the 11 transit buses that were rehabilitated.

Economic Factors and the Future

General economic conditions are expected to marginally improve during 2014. The cuts that we have seen in the last couple of years with State employees seems to have stabilized along with our ridership.

Fiscal year 2013/2014 operating expenses are budgeted to increase 10.65%, or \$1,253,597, compared to the 2012/2013 budget, due mostly to the moving of certain capital expenses to preventive maintenance (\$812,500 shift), changes in contractor's rates and service levels and higher anticipated property taxes associated with the District's expanded facility. Note that the budget includes 1,000 hours for added service to cover extra trips to the airport during holidays and school breaks and for re-routes anticipated because of ongoing street detours during the construction season.

Restricted cash and current grants will be utilized to fund all capital projects, including the replacement of 9 CNG buses, and 4 paratransit vehicles.

Requests for Information

This financial report is designed to provide a general overview of Yolo County Transportation District's financial position and results of operations. Questions concerning the information provided in this report or requests for additional information should be addressed to Kwai Reitz, Financial Officer, 350 Industrial Way, Woodland, California 95776 or kreitz@yctd.org.

YOLO COUNTY TRANSPORTATION DISTRICT
BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 6,785,423	\$ 6,404,015
Due from Other Agencies	1,544,563	2,692,250
Accounts Receivable	675,415	415,966
Pre-Paid Expenses	21,931	
TOTAL CURRENT ASSETS	9,027,332	9,512,231
RESTRICTED CASH AND INVESTMENTS		
Capital Reserves	1,646,876	1,641,965
PTMISEA	178,021	21
Governor's Office of Homeland Security	225,723	540,319
TOTAL RESTRICTED ASSETS	2,050,620	2,182,305
CAPITAL ASSETS		
Nondepreciable	465,000	5,917,009
Depreciable, Net	18,140,144	14,137,616
Capital Assets, Net	18,605,144	20,054,625
TOTAL ASSETS	\$ 29,683,096	\$ 31,749,161
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 831,165	\$ 1,137,790
Accrued Wages	46,935	33,927
Due to other Government Agencies	159,689	117,424
Accrued Compensated Absences	62,217	79,098
TOTAL CURRENT LIABILITIES	1,100,006	1,368,239
NON-CURRENT LIABILITIES		
Other Post-Employment Benefits	40,981	58,383
Accrued Compensated Absences	11,054	
TOTAL NON-CURRENT LIABILITIES	52,035	58,383
NET POSITION		
Net Investment in Capital Assets	18,605,144	20,054,625
Restricted for Equipment Replacement	2,050,620	2,182,305
Restricted for Capital Purposes	500,577	616,195
Unrestricted	7,374,714	7,469,414
TOTAL NET POSITION	28,531,055	30,322,539
TOTAL LIABILITIES AND NET POSITION	\$ 29,683,096	\$ 31,749,161

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, 2013 and 2012

	2013	2012
OPERATING REVENUE		
Passenger Fares	\$ 2,536,229	\$ 2,528,497
Special Fares	55,358	46,482
TOTAL OPERATING REVENUE	2,591,587	2,574,979
OPERATING EXPENSES		
Purchased Transportation	7,498,919	7,175,231
Salaries & Benefits	1,151,050	1,113,390
Insurance	543,221	408,761
Vehicle Fuel	1,039,113	1,015,308
Other services & Supplies	1,194,710	1,085,036
Depreciation	2,602,910	2,668,471
TOTAL OPERATING EXPENSES	14,029,923	13,466,197
NET LOSS FROM OPERATIONS	(11,438,336)	(10,891,218)
NONOPERATING REVENUES (EXPENSES)		
Local Transportation Fund and State Transit Assistance Allocation	4,996,757	4,887,750
Federal Transit Administration grants:		
Operating Grants	2,027,266	2,108,927
State Grants	7,674	
Mitigation Revenue	1,230,789	1,208,114
Miscellaneous Revenues	259,575	291,432
Auxiliary Transportation	147,396	70,202
Interest Revenue	26,306	51,574
Pass-through to Other Agencies	(150,000)	(20,000)
Loss on Disposal of Capital Assets	(330)	(1,700)
TOTAL NONOPERATING REVENUES (EXPENSES)	8,545,433	8,596,299
NET (LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS	(2,892,903)	(2,294,919)
CAPITAL CONTRIBUTIONS		
Local Transportation Fund, State Transit Assistance Allocation and Other Capital Revenue	1,044,923	4,209,125
Federal Transit Administration Grant	56,496	3,483,276
TOTAL CAPITAL CONTRIBUTIONS	1,101,419	7,692,401
CHANGES IN NET POSITION	(1,791,484)	5,397,482
Net Position at Beginning of Year	30,322,539	24,925,057
NET POSITION AT END OF YEAR	\$ 28,531,055	\$ 30,322,539

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, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts From Customers	\$ 2,660,026	\$ 2,632,809
Cash Paid to Suppliers for Goods and Services	(10,562,252)	(9,239,745)
Cash Paid to Employees for Services	(1,161,271)	(1,111,219)
NET CASH USED FOR OPERATING ACTIVITIES	(9,063,497)	(7,718,155)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Grants and Subsidies	8,193,711	7,951,661
Pass-through Payments and Transfers	(150,000)	(270,000)
Other Income	406,971	361,628
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	8,450,682	8,043,289
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
RELATED FINANCING ACTIVITIES		
Grants Received for Capital Acquisition	1,989,990	7,461,493
Acquisition of Capital Assets	(1,153,928)	(8,103,947)
Proceeds from Disposal of Capital Asset	170	300
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	836,232	(642,154)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Pooled Investments	26,306	51,574
NET CASH PROVIDED BY INVESTING ACTIVITIES	26,306	51,574
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	249,723	(265,446)
Cash and Cash Equivalents at Beginning of Year	8,586,320	8,851,766
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 8,836,043	\$ 8,586,320
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET		
Cash and Cash Equivalents	\$ 6,785,423	\$ 6,404,015
Restricted Cash and Cash Equivalents	2,050,620	2,182,305
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 8,836,043	\$ 8,586,320
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Net Loss From Operations	\$ (11,438,336)	\$ (10,891,218)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:		
Depreciation	2,602,910	2,668,471
Payments to Other Agencies	(21,931)	
Changes in Operating Assets and Liabilities:		
Accounts Receivable and Due from Other Agencies	68,440	57,830
Accounts Payable and Due to Other Agencies	(264,360)	444,591
Accrued Wages	13,008	729
Other Post-employment Benefits	(17,402)	(9,617)
Accrued Compensated Absences	(5,826)	11,059
NET CASH USED FOR OPERATING ACTIVITIES	\$ (9,063,497)	\$ (7,718,155)

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

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

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

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

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

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

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

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

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

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

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

compensated absences liability. The District accrues accumulated unpaid compensated absences when earned by the employee. The cost of vacation and compensating time off is recorded in the period earned.

New Pronouncements:

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement incorporates into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and interpretations; Accounting Principles Board Opinions; and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB Pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The provisions of this Statement was effective during the year ended June 30, 2013 and had no effect on the financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows and inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net assets reporting requirements of Statement No. 34 and other pronouncements by incorporating deferred inflows and outflows into the definitions of the required components of residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement were implemented during the year ended June 30, 2013 and resulted in the terminology changes noted above.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement reclassifies deferred amounts upon refunding of debt as deferred inflows or outflows and requires debt issuance costs to be expensed as incurred. This Statement also changes the recognition requirements of certain imposed and government-mandated non-exchange revenues, sales and intra-entity transfers of future revenues, initial direct costs of leases, acquisition costs related to insurance activities, loan origination fees and costs, loan commitment fees, fees paid to purchase a loan or group of loans, fees relating to loans held for sale and transactions resulting from the effects of regulation on customer rates. This Statement limits the use of the term "deferred" to the items reported as deferred inflows and outflows of resources. The provisions of this Statement were implemented during the year ended June 30, 2013 and resulted in the terminology changes noted above.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

NOTE B – CASH AND INVESTMENTS

At June 30 the District’s cash and investments are classified in the accompanying financial statements as follows:

	2013	2012
Cash and investments	\$ 6,785,423	\$ 6,404,015
Restricted cash	2,050,620	2,182,305
Total cash and investments	\$ 8,836,043	\$ 8,586,320

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

	2013	2012
Cash on hand	\$ 400	\$ 400
Deposits with financial institutions	134,842	244,217
Investment in Yolo County Pooled Investment Fund	8,700,801	8,341,703
Total cash and investments	\$ 8,836,043	\$ 8,586,320

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

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013 and 2012

NOTE B – CASH AND INVESTMENTS (Continued)

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

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

Interest rate risk: Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive to changes in market interest rates of its fair value. As of June 30, 2013 and 2012, the weighted average maturity of the investments contained in the County of Yolo investment pool was approximately 326 and 398 days, respectively.

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

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

At June 30, 2013 and 2012, the carrying amount of the District's deposits were \$134,842 and \$244,217 and the balance in financial institutions was \$124,826 and \$230,733, respectively. The entire balance in financial institutions was covered by federal depository insurance.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE B – CASH AND INVESTMENTS (Continued)

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

NOTE C – RESTRICTED CASH

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

	2013	2012
Capital reserves	\$ 1,646,876	\$ 1,641,965
PTMISEA	178,021	21
Governor's Office of Homeland Security	225,723	540,319
Total restricted cash	\$ 2,050,620	\$ 2,182,305

Capital Reserves: For the fiscal year ended June 30, 2013 and 2012, the Fixed Route Services has accumulated \$1,589,422 and \$1,584,683 and the ADA Paratransit Service has accumulated \$57,454 and \$57,282, from its member agencies restricted for equipment replacement and capital purposes.

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

During the fiscal year ended June 30, 2008 the District applied for and in 2009 received proceeds of \$164,224 for the rehabilitation of existing vehicles. As of June 30, 2013, \$178,000 of additional PTMISEA revenue was received for paratransit vehicles and no qualifying expenditures were incurred leaving proceeds of \$178,021, that was restricted for paratransit vehicles. Qualifying expenditures must be encumbered within three years from the date of the allocation and expended within three years from the date of the encumbrance.

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

	2013	2012
Unexpended proceeds, beginning of year	\$ 21	\$ 143,815
PTMISEA received	178,000	
Interest earnings		612
Expenses incurred:		(144,406)
Unexpended proceeds	\$ 178,021	\$ 21

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE C – RESTRICTED CASH (Continued)

Governor’s Office of Homeland Security: As approved by the voters in the November 2006 general elections, Proposition 1B enacts the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 to authorize \$19,925 billion of state general obligation bonds for specified purposes, including high-priority transportation corridor improvements, State Route 99 corridor enhancements, trade infrastructure and port security projects, school bus retrofit and replacement purposes, state transportation improvement program augmentation, transit and passenger rail improvements, state-local partnership transportation projects, transit security projects, local bridge seismic retrofit projects, highway-railroad grade separation and crossing improvement projects, state highway safety and rehabilitation projects, and local street and road improvement, congestion relief, and traffic safety. The Governor’s Office of Homeland Security has been charged with administering the following Prop 1B bonds, Port, Harbor, and Ferry Terminal Security Account (\$100 million in funding), and Transit System Safety, Security & Disaster Response Account (\$1 billion in funding).

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

The District applied for and received \$456,790, \$161,070 and \$170,126 during the years ended June 30, 2012, 2011, and 2010, respectively, for an emergency generator, security improvements, solar lighting, and RouteMatch/AVL connection. All amounts except the emergency generator and security improvements were spent prior to June 30, 2012.

The remaining proceeds in the table below, including accrued interest, were restricted for the emergency generator and security improvements at the District’s facility. Qualifying expenses must be encumbered within three years from the date of the allocation and expended within three years from the date of the encumbrance. As of June 30 funds received and expended were verified in the course of the audit as follows:

	2013	2012
Unexpended proceeds, beginning of year	\$ 540,319	\$ 258,284
Governor's Office of Homeland Security received		456,790
Interest earnings	1,489	1,868
Expenses incurred: Emergency Generator, and security improvements at facility	(316,085)	(176,623)
Unexpended proceeds, end of year	\$ 225,723	\$ 540,319

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013 and 2012

NOTE D – DUE FROM OTHER AGENCIES

The due from other agencies for Fixed Route Service and the ADA Paratransit Service consists of the following at June 30:

	2013	2012
Transportation Development Act:		
Federal Transit Administration Grants	\$ 552,293	\$ 923,317
California Department of Transportation	396,488	303,152
State Transit Assistance Fund Fiscal Year 2012/2013	214,427	201,715
Sacramento Regional Transit District	120,426	115,959
SACOG - New Freedom grant, JARC grant and Internship grant	82,276	41,841
Internal Revenue Service - fuel tax rebate	9,628	274,176
Other	169,025	832,090
Total due from other agencies	\$ 1,544,563	\$ 2,692,250

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

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

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE E – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2012 was as follows:

<u>Fixed Route</u>	Balance July 1, 2011	Additions	Transfers/ Adjustments	Retirements	Balance June 30, 2012
Capital assets, not being depreciated					
Land	\$ 465,000				\$ 465,000
Work in Progress	586,756	\$ 4,884,123	\$ (18,870)		5,452,009
Total capital assets, not being depreciated	1,051,756	4,884,123	(18,870)		5,917,009
Capital assets, being depreciated					
Equipment & Vehicles	24,035,260	3,219,824	18,870	\$ (160,207)	27,113,747
Buildings	4,252,755				4,252,755
Total capital assets, being depreciated	28,288,015	3,219,824	18,870	(160,207)	31,366,502
Less accumulated depreciation for:					
Equipment & Transit Vehicles	(12,802,774)	(2,288,140)		158,207	(14,932,707)
Building and improvements	(2,222,248)	(268,370)			(2,490,618)
Total accumulated depreciation	(15,025,022)	(2,556,510)		158,207	(17,423,325)
Total capital assets being depreciated, net	13,262,993	663,314	18,870	(2,000)	13,943,177
Capital assets, net	\$ 14,314,749	\$ 5,547,437	\$ -	\$ (2,000)	\$ 19,860,186
<u>ADA Paratransit Service</u>	Balance July 1, 2011	Additions	Transfers/ Adjustments	Retirements	Balance June 30, 2012
Capital assets, being depreciated					
Equipment and transit vehicles	\$ 743,964				\$ 743,964
Total capital assets, being depreciated	743,964				743,964
Less accumulated depreciation for:					
Equipment and transit vehicles	(437,564)	\$ (111,961)			(549,525)
Total accumulated depreciation	(437,564)	(111,961)			(549,525)
Capital asset, net	\$ 306,400	\$ (111,961)	\$ -	\$ -	\$ 194,439
Combined capital assets, net	\$ 14,621,149	\$ 5,435,476	\$ -	\$ (2,000)	\$ 20,054,625

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE F – LONG-TERM LIABILITIES

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

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Due within one year
Compensated absences	\$ 79,098	\$ 56,390	\$ (62,217)	\$ 73,271	\$ 62,217

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012	Due within one year
Compensated absences	\$ 68,039	\$ 54,408	\$ (43,349)	\$ 79,098	\$ 79,098

NOTE G – FARE REVENUE RATIO

The District is required to maintain a fare revenue to operating expense ratio of 13.50% 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:

	2013	2012
Fare revenues	\$ 2,591,587	\$ 2,574,979
Operating expenses	\$ 14,029,923	\$ 13,466,197
Less allowable exclusions:		
Depreciation	(2,602,910)	(2,668,471)
Net operating expenses	\$ 11,427,013	\$ 10,797,726
Fare revenue ratio	22.68%	23.85%

NOTE H – DEFINED BENEFIT PENSION PLAN

Plan Description: The District contributes to the California Public Employees’ Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. PERS requires plans with less than 100 active participants to participate in risk pools. District employees that were members of PERS on January 1, 2013 participate in the Miscellaneous 2.5% at 55 risk pool. Employees hired after January 1, 2013 that were not members of PERS, participate in the 2% at 62 risk pool. Copies of PERS’ annual financial report may be obtained from their Headquarter at:

CalPERS Headquarters
Lincoln Plaza North, 400 Q Street,
Sacramento, CA 95811.

Funding Policy: Participants are required to contribute 8% of their annual covered salary. The District’s employees now are required to contribute the entire 8% employee share of their annual covered salary themselves. The District

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE H – DEFINED BENEFIT PENSION PLAN (continued)

is required to contribute at an actuarially determined rate; the rates for the years ended June 30, 2013 and 2012 were 17.511% and 17.137% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by PERS. The District contributions for the years ended June 30, 2013, 2012 and 2011, were \$126,036, \$131,133, and \$156,409, respectively, which were equal to the required contributions each year.

NOTE I – OTHER POST-EMPLOYMENT BENEFITS

Plan Description: The Yolo County Transportation District Retiree Healthcare Plan (“Plan”) is a single-employer defined benefit healthcare plan administered by the District. The Plan provides healthcare benefits to eligible retirees and their dependents through the California Public Employees’ Retirement system healthcare program (PEMHCA). Benefit provisions are established and may be amended by the District’s Board of Directors and its employees.

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

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

Annual OPEB Cost and Net OPEB Obligation: The District’s annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the District’s annual OPEB cost for the years ended June 30, 2013 and 2012, the amount actually contributed to the Plan, and changes in the District’s Net OPEB obligation:

	2013	2012
Annual required contribution	\$ 97,000	\$ 101,000
Interest on net OPEB obligation	5,000	5,000
Adjustment to annual required contribution	(6,000)	(4,000)
Annual OPEB cost (expense)	96,000	102,000
Contribution made:		
Benefit Payments	(13,402)	(10,617)
Trust Pre-Funding	(100,000)	(101,000)
Increase (decrease) in net OPEB obligation	(17,402)	(9,617)
Net OPEB obligation - beginning of year	58,383	68,000
Net OPEB obligation - end of year	\$ 40,981	\$ 58,383

Funded Status and Funding Progress: The funded status of the Plan as of June 30, 2011 (the most current actuarial valuation) date was as follows:

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE I – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 105,000	171.4%	\$ 68,000
6/30/2012	102,000	109.4%	58,383
6/30/2013	96,000	118.1%	40,981

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

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the June 30, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), 3.25% payroll increases and a 3% general inflation assumption. Premiums (after the 2012 published rates) were assumed to increase with a pre-Medicare medical cost increase rate of 9.0% for HMOs for 2013, grading down to 5.0% for 2021 and thereafter. The post-Medicare medical cost increase rates were 9.4% for HMOs for 2013, grading down to 5.0% for 2021 and thereafter. The initial UAAL was amortized as a level percentage of projected payroll over a fixed 29-year period as of June 30, 2011.

Required Supplementary Information
Other Postemployment Benefits
Schedule of Funding Progress

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

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE J – INSURANCE COVERAGE

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

NOTE K – CONCENTRATIONS

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

NOTE L – COMMITMENTS AND CONTINGENCIES

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

On July 30, 2006, the District entered into a seven-year agreement with Veolia Transportation Incorporated to provide transit services. The amounts payable to Veolia Transportation for the period July 1, 2013 through July 29, 2014 will not exceed \$7,850,718. On January 14, 2013, the Yolo County Transportation District Board of Directors authorized its Executive Director to exercise the option and approve a five-year extension from July 30, 2013 through July 29, 2018 at an amount not to exceed \$38,927,426.

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

NOTE M – RELATED PARTY TRANSACTIONS

The County of Yolo, a member of the Yolo County Transportation District, provides certain accounting and other professional services to the District. Legal services are billed separately and at amounts that will approximately recover the County's full cost of providing such services. Expense for services provided by the County totaled \$22,365 and \$8,396 for the years ended June 30, 2013 and 2012, respectively.

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE N – PASS THROUGH PTMISEA

As of June 30, 2013, the status of the District’s PMTISEA grants is as follows:

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

SUPPLEMENTARY INFORMATION

YOLO COUNTY TRANSPORTATION DISTRICT
COMBINING BALANCE SHEET
June 30, 2013

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

The accompanying notes are an integral part of these financial statements

YOLO COUNTY TRANSPORTATION DISTRICT
 COMBINING BALANCE SHEET
 June 30, 2012

	Fixed Route Service	ADA Paratransit Service	Total
ASSETS AND DEFERRED OUTFLOW			
CURRENT ASSETS			
Cash and Investments	\$ 6,112,650	\$ 291,365	\$ 6,404,015
Due from other Agencies	2,412,048	280,202	2,692,250
Accounts Receivable	415,966		415,966
TOTAL CURRENT ASSETS	8,940,664	571,567	9,512,231
RESTRICTED CASH AND INVESTMENTS			
Capital Reserves	1,584,683	57,282	1,641,965
PTMISEA	21		21
Governor's Office of Homeland Security	540,319		540,319
TOTAL RESTRICTED ASSETS	2,125,023	57,282	2,182,305
CAPITAL ASSETS			
Nondepreciable	5,917,009		5,917,009
Depreciable, net	13,943,177	194,439	14,137,616
Capital Assets, Net	19,860,186	194,439	20,054,625
TOTAL ASSETS	\$ 30,925,873	\$ 823,288	\$ 31,749,161
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	\$ 1,052,805	\$ 84,985	\$ 1,137,790
Accrued Wages	33,927		33,927
Due to other Government Agencies	108,757	8,667	117,424
Accrued Compensated Absences	79,098		79,098
TOTAL CURRENT LIABILITIES	1,274,587	93,652	1,368,239
NON-CURRENT LIABILITIES			
Other Post-Employment Benefits	58,383		58,383
TOTAL NON-CURRENT LIABILITIES	58,383		58,383
NET POSITION			
Net Investment in Capital Assets	19,860,186	194,439	20,054,625
Restricted for Equipment Replacement	2,125,023	57,282	2,182,305
Restricted for Capital Purposes	616,195		616,195
Unrestricted	6,991,499	477,915	7,469,414
TOTAL NET POSITION	29,592,903	729,636	30,322,539
TOTAL LIABILITIES AND NET POSITION	\$ 30,925,873	\$ 823,288	\$ 31,749,161

The accompanying notes are an integral part of these financial statements

YOLO COUNTY TRANSPORTATION DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 For the Year Ended June 30, 2013

	<u>Fixed Route Service</u>	<u>ADA Paratransit Service</u>	<u>Total 2013</u>
OPERATING REVENUE			
Passenger Fares	\$ 2,494,705	\$ 41,524	\$ 2,536,229
Special Fares	24,055	31,303	55,358
TOTAL OPERATING REVENUE	<u>2,518,760</u>	<u>72,827</u>	<u>2,591,587</u>
OPERATING EXPENSES			
Purchased Transportation	6,509,085	989,834	7,498,919
Salaries & Benefits	1,151,050		1,151,050
Insurance	489,429	53,792	543,221
Vehicle Fuel	931,182	107,931	1,039,113
Other services & Supplies	1,194,710		1,194,710
Depreciation	2,490,950	111,960	2,602,910
TOTAL OPERATING EXPENSES	<u>12,766,406</u>	<u>1,263,517</u>	<u>14,029,923</u>
NET LOSS FROM OPERATIONS	(10,247,646)	(1,190,690)	(11,438,336)
NONOPERATING REVENUES (EXPENSES)			
Local Transportation Fund and State Transit			
Assistance Allocation	4,439,068	557,689	4,996,757
Federal Transit Administration grants:			
Operating Grants	1,709,764	317,502	2,027,266
State Grants	7,674		7,674
Mitigation Revenue	1,230,789		1,230,789
Miscellaneous Revenues	259,575		259,575
Auxiliary Transportation	147,396		147,396
Interest Revenue	25,058	1,248	26,306
Pass-through to Other Agencies	(150,000)		(150,000)
Loss on Disposal of Capital Assets	(330)		(330)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>7,668,994</u>	<u>876,439</u>	<u>8,545,433</u>
NET (LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS	(2,578,652)	(314,251)	(2,892,903)
CAPITAL CONTRIBUTIONS			
Local Transportation Fund, State Transit Assistance			
Allocation and Other Capital Revenue	1,044,923		1,044,923
Federal Transit Administration Grant	56,496		56,496
TOTAL CAPITAL CONTRIBUTIONS	<u>1,101,419</u>		<u>1,101,419</u>
CHANGES IN NET POSITION	(1,477,233)	(314,251)	(1,791,484)
Net Position at Beginning of Year	<u>29,592,903</u>	<u>729,636</u>	<u>30,322,539</u>
NET POSITION AT END OF YEAR	<u>\$ 28,115,670</u>	<u>\$ 415,385</u>	<u>\$ 28,531,055</u>

The accompanying notes are an integral part of these financial statements

YOLO COUNTY TRANSPORTATION DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 For the Year Ended June 30, 2012

	Fixed Route Service	ADA Paratransit Service	Total 2012
OPERATING REVENUE			
Passenger Fares	\$ 2,484,546	\$ 43,951	\$ 2,528,497
Special Fares	25,450	21,032	46,482
TOTAL OPERATING REVENUE	2,509,996	64,983	2,574,979
OPERATING EXPENSES			
Purchased Transportation	6,286,326	888,905	7,175,231
Salaries & Benefits	1,113,390		1,113,390
Insurance	364,277	44,484	408,761
Vehicle Fuel	898,159	117,149	1,015,308
Other services & Supplies	1,085,036		1,085,036
Depreciation	2,556,510	111,961	2,668,471
TOTAL OPERATING EXPENSES	12,303,698	1,162,499	13,466,197
NET LOSS FROM OPERATIONS	(9,793,702)	(1,097,516)	(10,891,218)
NONOPERATING REVENUES (EXPENSES)			
Local Transportation Fund and State Transit			
Assistance Allocation	4,342,840	544,910	4,887,750
Federal Transit Administration grants:			
Operating Grants	1,810,899	298,028	2,108,927
Mitigation Revenue	1,208,114		1,208,114
Miscellaneous Revenues	291,426	6	291,432
Auxiliary Transportation	70,202		70,202
Interest Revenue	50,550	1,024	51,574
Pass-through to Other Agencies	(20,000)		(20,000)
Loss on Disposal of Capital Assets	(1,700)		(1,700)
TOTAL NONOPERATING REVENUES (EXPENSES)	7,752,331	843,968	8,596,299
NET (LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS	(2,041,371)	(253,548)	(2,294,919)
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Local Transportation Fund, State Transit Assistance			
Allocation and Other Capital Revenue	4,209,125		4,209,125
Federal Transit Administration Grant	3,483,276		3,483,276
Transfers In (Out)	(250,000)	250,000	
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	7,442,401	250,000	7,692,401
CHANGES IN NET POSITION	5,401,030	(3,548)	5,397,482
Net Position at Beginning of Year	24,191,873	733,184	24,925,057
NET POSITION AT END OF YEAR	\$ 29,592,903	\$ 729,636	\$ 30,322,539

The accompanying notes are an integral part of these financial statements

YOLO COUNTY TRANSPORTATION DISTRICT
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2013

	Fixed Route Service	ADA Paratransit Service	Total 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts From Customers	\$ 2,588,561	\$ 71,465	\$ 2,660,026
Cash Paid to Suppliers for Goods and Services	(9,410,563)	(1,151,689)	(10,562,252)
Cash Paid to Employees for Services	(1,161,271)		(1,161,271)
NET CASH USED FOR OPERATING ACTIVITIES	(7,983,273)	(1,080,224)	(9,063,497)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants and Subsidies	7,281,371	912,340	8,193,711
Pass-through Payments and Transfers	(150,000)		(150,000)
Other Income	406,971		406,971
CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	7,538,342	912,340	8,450,682
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Grants Received for Capital Acquisition	1,989,990		1,989,990
Acquisition of Capital Assets	(1,153,928)		(1,153,928)
Proceeds from Disposal of Capital Asset	170		170
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	836,232		836,232
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Pooled Investments	25,058	1,248	26,306
NET CASH PROVIDED BY INVESTING ACTIVITIES	25,058	1,248	26,306
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	416,359	(166,636)	249,723
Cash and Cash Equivalents at Beginning of Year	8,237,673	348,647	8,586,320
CASH AND CSH EQUIVALENTS AT END OF YEAR	\$ 8,654,032	\$ 182,011	\$ 8,836,043
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET			
Cash and Cash Equivalents	\$ 6,660,866	\$ 124,557	\$ 6,785,423
Restricted Cash and Cash Equivalents	1,993,166	57,454	2,050,620
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 8,654,032	\$ 182,011	\$ 8,836,043
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:			
Net Loss From Operations	\$ (10,247,646)	\$ (1,190,690)	\$ (11,438,336)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:			
Depreciation	2,490,950	111,960	2,602,910
Payments to Other Agencies	(21,931)		(21,931)
Changes in Operating Assets and Liabilities:			
Accounts Receivable and Due from Other Agencies	69,801	(1,361)	68,440
Accounts Payable and Due to Other Agencies	(264,227)	(133)	(264,360)
Accrued Wages	13,008		13,008
Other Post-Employment Benefits	(17,402)		(17,402)
Accrued Compensated Absences	(5,826)		(5,826)
NET CASH USED FOR OPERATING ACTIVITIES	\$ (7,983,273)	\$ (1,080,224)	\$ (9,063,497)

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

YOLO COUNTY TRANSPORTATION DISTRICT
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012

	Fixed Route Service	ADA Paratransit Service	Total 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts From Customers	\$ 2,567,826	\$ 64,983	\$ 2,632,809
Cash Paid to Suppliers for Goods and Services	(8,200,497)	(1,039,248)	(9,239,745)
Cash Paid to Employees for Services	(1,111,219)		(1,111,219)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(6,743,890)</u>	<u>(974,265)</u>	<u>(7,718,155)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants and Subsidies	6,897,677	1,053,984	7,951,661
Pass-through Payments and Transfers	(270,000)		(270,000)
Other Income	361,628		361,628
CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>6,989,305</u>	<u>1,053,984</u>	<u>8,043,289</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Grants Received for Capital Acquisition	7,391,030	70,463	7,461,493
Acquisition of Capital Assets	(8,103,947)		(8,103,947)
Proceeds from Disposal of Capital Asset	300		300
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(712,617)</u>	<u>70,463</u>	<u>(642,154)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Pooled Investments	50,550	1,024	51,574
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>50,550</u>	<u>1,024</u>	<u>51,574</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(416,652)	151,206	(265,446)
Cash and Cash Equivalents at Beginning of Year	8,654,325	197,441	8,851,766
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,237,673</u>	<u>\$ 348,647</u>	<u>\$ 8,586,320</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET			
Cash and Cash Equivalents	\$ 6,112,650	\$ 291,365	\$ 6,404,015
Restricted Cash and Cash Equivalents	2,125,023	57,282	2,182,305
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,237,673</u>	<u>\$ 348,647</u>	<u>\$ 8,586,320</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:			
Net Loss From Operations	\$ (9,793,702)	\$ (1,097,516)	\$ (10,891,218)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:			
Depreciation	2,556,510	111,961	2,668,471
Changes in Operating Assets and Liabilities:			
Accounts Receivable and Due from Other Agencies	57,830		57,830
Accounts Payable and Due to Other Agencies	433,301	11,290	444,591
Accrued Wages	729		729
Other Post-Employment Benefits	(9,617)		(9,617)
Accrued Compensated Absences	11,059		11,059
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (6,743,890)</u>	<u>\$ (974,265)</u>	<u>\$ (7,718,155)</u>

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

COMPLIANCE REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Yolo County Transportation District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2013.

Internal Control Over Financial Reporting

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

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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

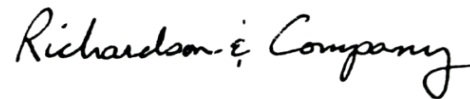
To the Board of Directors
Yolo County Transportation District

Compliance and Other Matters (including PTMISEA)

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Transportation Development Act (TDA) Funds allocated and received by the District were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6667 of the California Code of Regulations. We also tested the receipt and appropriate expenditures of bond funds, as presented in Notes C and N to the financial statements, in accordance with the PTMISEA statutes and guidelines. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, the TDA or the PTMISEA.

Purpose of this Report

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



December 17, 2013

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the Yolo County Transportation District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the District as of and for the year ended June 30, 2013, and have issued our report thereon dated December 17, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such

To the Board of Directors
Yolo County Transportation District

information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Richardson & Company

December 17, 2013

YOLO COUNTY TRANSPORTATION DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.500	Federal Transit Capital Investment Grant, Section 5309 (Federal Transit Cluster)
20.507	Federal Transit Urbanized Area Formula Grants, Section 5307 (Federal Transit Cluster)

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

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

None

D. PRIOR YEAR FINDINGS

None

YOLO COUNTY TRANSPORTATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

Federal Grantor/Pass-through Grantor, if applicable/ Program Title/Grant or Pass-through Number	Federal CFDA Number	Program or Award Amount	Expenditures	Grant Balance at June 30, 2013
MAJOR FEDERAL AWARDS:				
<u>U.S. Department of Transportation, Federal Transit Administration - Direct Awards</u>				
Federal Transit Capital Investment Grants, Section 5309				
CA-04-0179	20.500	\$ 222,400	\$ 31,023	\$ 128,029
Federal Transit Formula Grants (Urbanized Area) Section 5307				
CA-90-Y051	20.507	1,911,345		668,875
CA-95-X036	20.507	5,689,022	37,372	47,881
CA-90-Y585	20.507	1,313,000		50,000
CA-90-Y854	20.507	2,565,347	1,142,300	626,047
CA-95-X126	20.507	189,000	27,887	114,635
CA-90-Y924	20.507	510,000	306,502	53,498
		<u>12,177,714</u>	<u>1,514,061</u>	<u>1,560,936</u>
TOTAL MAJOR FEDERAL AWARDS (FEDERAL TRANSIT CLUSTER)		12,400,114	1,545,084	1,688,965
NON-MAJOR FEDERAL AWARDS:				
<u>U.S. Department of Transportation, Federal Transit Administration</u>				
Passed-through the California State Transportation Agency, Department of Transportation				
Federal Transit Capital and Operating Assistance Non- Urbanized Area Formula Grants, Section 5311				
642182	20.509	293,678	293,678	
Federal Transit Capital and Operating Assistance Grant Non-Urbanized Area Formula, Section 5316				
642624	20.516	100,000	100,000	
Federal Transit New Freedom Program, Section 5317				
648727	20.521	72,000		1,537
Total Passed-through California State Transportation Agency, Department of Transportation		465,678	393,678	1,537
Passed-through the Sacramento Area Council of Governments				
Federal Transit Job Access-Reverse Commute, Section 5316				
CA-37-X161	20.516	65,000	65,000	
Federal Transit New Freedom Program 5317				
CA-37-X142	20.521	80,000	80,000	
Total Passed-through Sacramento Area Council of Governments		145,000	145,000	
TOTAL NON-MAJOR FEDERAL AWARDS		<u>610,678</u>	<u>538,678</u>	<u>1,537</u>
TOTAL FEDERAL AWARDS		<u>\$ 13,010,792</u>	<u>\$ 2,083,762</u>	<u>\$ 1,690,502</u>

YOLO COUNTY TRANSPORTATION DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

NOTE A – BASIS OF PRESENTATION

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