

**YOLO COUNTY TRANSPORTATION DISTRICT**

Audited Financial Statements  
and Compliance Reports

June 30, 2018 and 2017

YOLO COUNTY TRANSPORTATION DISTRICT

Audited Financial Statements  
and Compliance Reports

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**Audited Financial Statements**

Independent Auditor’s Report ..... 1  
Management’s Discussion and Analysis ..... 3

**Basic Financial Statements**

Balance Sheets ..... 10  
Statements of Revenues, Expenses and Changes in Net Position ..... 11  
Statements of Cash Flows ..... 12  
Notes to Financial Statements ..... 13

**Required Supplementary Information**

Schedule of the Proportionate Share of the Net Pension Liability and Schedule of  
Contributions to the Pension Plan – Miscellaneous Plan (Unaudited) ..... 33  
Schedule of Changes in the Net OPEB Liability and Related Ratios (Unaudited) ..... 34  
Schedule of Contributions to the OPEB Plan (Unaudited) ..... 35  
Schedule of Funding Progress of the Other Postemployment Benefits Plan (Unaudited) ..... 36

**Supplementary Information**

Combining Balance Sheet ..... 37  
Combining Schedule of Revenues, Expenses and Changes in Net Position ..... 39  
Combining Schedule of Cash Flows ..... 41

**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 Other State Program Guidelines ..... 43  
Independent Auditor’s Report on Compliance for Each Major Federal Program and on  
Internal Control over Compliance Required by the Uniform Guidance ..... 45  
Schedule of Findings and Questioned Costs ..... 47  
Schedule of Expenditures of Federal Awards ..... 49  
Notes to Schedule of Expenditures of Federal Awards ..... 50



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

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the Yolo County Transportation District (the District) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2018 and 2017, and changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

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 and the required supplementary information 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 Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2019 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 other state grant program guidelines. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Richardson & Company, LLP*

March 21, 2019

# YOLO COUNTY TRANSPORTATION DISTRICT

## Management's Discussion and Analysis June 30, 2018 and 2017

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, 2018 and 2017. This discussion should be read in conjunction with the financial statements and accompanying notes, which follow this section.

### **Background**

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

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

### **Financial Highlights**

- Total net position, the level by which total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources, increased by approximately \$0.9 million, from \$27.8 million at June 30, 2017 to \$28.7 million at June 30, 2018.
- Year-end total net position of \$28.7 million was broken down between \$20.4 million investment in capital assets, \$1.76 million in restricted for equipment replacement and capital projects, including the State Transit Assistance amount, and \$6.5 million of unrestricted net position.
- For every dollar in current liabilities, the District holds \$13.2 in total assets, down from \$13.8 as of year-end 2017.
- Operating revenues (fares) decreased slightly during FY 2018. This was after fares increased during FY 2016/17. This was primarily due to a fare increase and an increase in special fares purchases.
- Operating expenses increased 4.2% during FY 2017/18 to \$16.1 million. The increase in expenses is primarily due to Purchased Transportation, salaries and benefits, insurance costs, fuel costs and depreciation.

# YOLO COUNTY TRANSPORTATION DISTRICT

## Management's Discussion and Analysis June 30, 2018 and 2017

### **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.

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

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

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

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

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

- Operating activities
- Capital activities
- Noncapital Financing Activities
- Investing Activities

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

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

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

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis  
June 30, 2018 and 2017

	June 30, 2018	June 30, 2017	Increase (Decrease) from 2017 to 2018	June 30, 2016	Increase (Decrease) from 2016 to 2017
Current Assets	\$ 9,735,266	\$ 10,742,060	\$ (1,006,794)	\$ 9,594,131	\$ 1,147,929
Restricted Cash and Investments	1,775,514	1,575,856	199,658	2,044,555	(468,699)
Other Postemployment Benefits				1,000	(1,000)
Capital Assets, Net	20,422,548	18,545,818	1,876,730	15,935,688	2,610,130
TOTAL ASSETS	<u>31,933,328</u>	<u>30,863,734</u>	<u>1,069,594</u>	<u>27,575,374</u>	<u>3,288,360</u>
Deferred Outflows of Resources	<u>579,043</u>	<u>436,585</u>	<u>142,458</u>	<u>322,194</u>	<u>114,391</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 32,512,371</u>	<u>\$ 31,300,319</u>	<u>\$ 1,212,052</u>	<u>\$ 27,897,568</u>	<u>\$ 3,402,751</u>
Current Liabilities	\$ 2,425,991	\$ 2,241,282	\$ 184,709	\$ 1,381,874	\$ 859,408
Non-Current Liabilities	1,355,965	1,147,106	208,859	918,461	228,645
TOTAL LIABILITIES	<u>3,781,956</u>	<u>3,388,388</u>	<u>393,568</u>	<u>2,300,335</u>	<u>1,088,053</u>
Deferred Inflows of Resources	<u>67,473</u>	<u>76,226</u>	<u>(8,753)</u>	<u>112,969</u>	<u>(36,743)</u>
Net Position					
Investment in Capital Assets	20,422,548	18,545,818	1,876,730	15,935,688	2,610,130
Restricted for Equipment Replacement and Capital Projects	1,554,114	1,396,783	157,331	1,805,591	(408,808)
Restricted for Capital Purposes - STA	201,676		201,676		-
Unrestricted	6,484,604	7,893,104	(1,408,500)	7,742,985	150,119
TOTAL NET POSITION	<u>28,662,942</u>	<u>27,835,705</u>	<u>827,237</u>	<u>25,484,264</u>	<u>2,351,441</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 32,512,371</u>	<u>\$ 31,300,319</u>	<u>\$ 1,212,052</u>	<u>\$ 27,897,568</u>	<u>\$ 3,402,751</u>

**District's Assets**

Total assets increased approximately \$1.1 million to \$31.9 million at June 30, 2018 from the prior year. Total assets increased approximately \$3.3 million to \$30.9 million at June 30, 2017. The increase in total assets in 2017/18 was primarily due to the purchase of eight fixed route buses for \$4.6 million and an increase in restricted cash and investments from unspent grants of \$0.2 million, offset by the reduction of due from other governments of \$1.1 million due to the timing of grant receipts and \$2.7 million of depreciation on capital assets. The increase in total assets in 2016/17 was primarily due to the purchase of nine fixed route buses for \$4.8 million and the purchase of equipment in the amount of \$.3 million. This was offset by depreciation of capital assets.

# YOLO COUNTY TRANSPORTATION DISTRICT

## Management's Discussion and Analysis June 30, 2018 and 2017

### **District's Liabilities**

The increase in current liabilities of \$0.2 million was primarily due to an increase in payables to the California Department of General Services for the purchase of natural gas for CNG fuel.

The decrease of current liabilities at June 30, 2017 was primarily an increase in accounts payable, offset by a slight decrease in unearned revenue related to the Low Carbon Transit Operations Program (LCTOP) program.

The increase of non-current liabilities during the years ending June 30, 2018 and 2017 was due to an increase in the District's pension plan liability, which was mainly due to lower investment earnings. The District's pension liability was \$1.2 million at June 30, 2018 and \$1.1 million at June 30, 2017. The District's other postemployment benefit (OPEB) liability also increased slightly at June 30, 2018 due to the liability being recomputed under a new accounting standard, GASB Statement No. 75.

The District also reported deferred outflows of resources primarily for pension and OPEB contributions after the valuation measurement dates and deferred inflows of resources primarily for the difference between projected and actual investment earnings. See Note H and I for more information about the District's pension and OPEB plans.

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis  
June 30, 2018 and 2017

**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 2017/18, 2016/17 and 2015/16 is as follows:

	Year ending June 30, 2018	Year ending June 30, 2017	Increase (Decrease) from 2017 to 2018	Year ending June 30, 2016	Increase (Decrease) from 2016 to 2017
Operating Revenues	\$ 2,398,596	\$ 2,470,541	\$ (71,945)	\$ 2,389,093	\$ 81,448
Operating Expenses	16,056,405	15,411,995	644,410	14,325,800	1,086,195
Net Loss From Operations	<u>(13,657,809)</u>	<u>(12,941,454)</u>	<u>(716,355)</u>	<u>(11,936,707)</u>	<u>(1,004,747)</u>
NONOPERATING REVENUES (EXPENSES)					
Local Transportation Fund and State Transit					
Assistance Allocation	5,625,552	5,802,204	(176,652)	5,601,466	200,738
Federal Transit Administration Grants:					
Operating Grants	1,205,204	2,945,344	(1,740,140)	1,518,389	1,426,955
Pass-through Grants	621,570		621,570		-
Mitigation Revenue - Tribe	1,671,085	1,530,404	140,681	1,473,465	56,939
Miscellaneous Revenues	476,030	337,325	138,705	551,480	(214,155)
Auxiliary Transportation	118,411	586,734	(468,323)	421,205	165,529
Interest Revenue	469,742	51,105	418,637	76,781	(25,676)
State Grants	64,397	95,499	(31,102)	49,837	45,662
Madison Bus Stop Expenses				(3,425)	3,425
FTA Pass-through Grants to Other Governments	(621,570)		(621,570)		
Other Pass-through Grants to Other Governments	(28,200)	(24,200)	(4,000)	(20,000)	(4,200)
Gain (Loss) on Disposal of Capital Assets	1,420	(15,389)	16,809		(15,389)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>9,603,641</u>	<u>11,309,026</u>	<u>(1,705,385)</u>	<u>9,669,198</u>	<u>1,639,828</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>4,909,327</u>	<u>3,983,869</u>	<u>925,458</u>	<u>3,255,083</u>	<u>728,786</u>
CHANGE IN NET POSITION	855,159	2,351,441	(1,496,282)	987,574	1,363,867
Net Position at Beginning of Year, as previously reported	27,835,705	25,484,264	2,351,441	24,496,690	987,574
Restatement	(27,922)		(27,922)		
Net Position at Beginning of Year, as restated	<u>27,807,783</u>	<u>25,484,264</u>	<u>2,323,519</u>	<u>24,496,690</u>	<u>987,574</u>
NET POSITION AT END OF YEAR	<u>\$ 28,662,942</u>	<u>\$ 27,835,705</u>	<u>\$ 827,237</u>	<u>\$ 25,484,264</u>	<u>\$ 2,351,441</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 in FY 2017/18 decreased slightly due to reduced net fare revenues caused by a fare increase. The District's operating revenue in FY 2016/17 increased from FY 2015/16. This is primarily due to an increase in special fares purchases.

**Operating Expenses**

The District's operating expenses consist of charges for fixed route and paratransit operations, administrative expenses, marketing, maintenance expenses, including re-building both transmissions and engines, and other operating expenses. The increase in operating expenses for FY 2017/18 is primarily due to a \$0.2 million increase in purchased transportation, a \$0.2 million increase in insurance and a \$0.1 million increase in depreciation. The increase in

YOLO COUNTY TRANSPORTATION DISTRICT

Management’s Discussion and Analysis  
June 30, 2018 and 2017

expenses for FY 2016/17 is primarily due to a \$0.3 million increase in purchased transportation from schedule contractual adjustments, \$0.3 million increase in salaries and benefits due to being fully staffed, a \$0.3 million increase in insurance on the new buses purchased, a \$0.2 million increase in vehicle fuel from the cost of CNG fuel sold to a private company and a \$0.4 million increase in depreciation, offset by a \$0.3 decrease in other services and supplies.

**Non-operating Revenues (Expenses)**

The District receives operating assistance from the Federal Transit Administration (FTA) and the State of California. In FY 2017/18, a portion of this funding was passed-through to the Sacramento Area Council of Governments to administer the implementation of a regional connect card program.

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

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

Capital contributions consist of grants received by the District from the Federal Transit Administration, Sacramento Area Council of Governments and the State of California, from either the Department of Transportation or the California Emergency Management Agency relating to capital for improvements owned by the District. In FY 2017/18 the District purchased 8 compressed natural gas buses for its fixed route services, which was funded largely with FTA grant revenue, State Proposition 1B grant revenue and the new gas tax called “State of Good Repair” revenue. In FY 2016/17 there was an increase in funding due to the purchase of nine fixed route vehicles and other equipment, which was funded mainly with FTA and State Proposition 1B grants.

**Capital Assets**

	June 30, 2018	June 30, 2017	Increase (Decrease) from 2017 to 2018	June 30, 2016	Increase (Decrease) from 2016 to 2017
<b>Capital assets, not being depreciated</b>					
Land	\$ 465,000	\$ 465,000		\$ 465,000	
Total capital assets, not being depreciated	465,000	465,000		465,000	
<b>Capital assets, being depreciated</b>					
Equipment & Transit Vehicles	38,074,406	35,523,235	\$ 2,551,171	32,067,516	\$ 3,455,719
Building and improvements	11,171,120	11,171,120		11,171,120	
Total capital assets, being depreciated	49,245,526	46,694,355	2,551,171	43,238,636	3,455,719
<b>Less accumulated depreciation for:</b>					
Equipment & Transit Vehicles	(23,814,057)	(23,628,257)	(185,800)	(23,323,308)	(304,949)
Building and improvements	(5,473,921)	(4,985,280)	(488,641)	(4,444,640)	(540,640)
Total accumulated depreciation	(29,287,978)	(28,613,537)	(674,441)	(27,767,948)	(845,589)
<b>Total capital assets being depreciated, net</b>	<b>19,957,548</b>	<b>18,080,818</b>	<b>1,876,730</b>	<b>15,470,688</b>	<b>2,610,130</b>
<b>Capital assets, net</b>	<b>\$ 20,422,548</b>	<b>\$ 18,545,818</b>	<b>\$ 1,876,730</b>	<b>\$ 15,935,688</b>	<b>\$ 2,610,130</b>

# YOLO COUNTY TRANSPORTATION DISTRICT

## Management's Discussion and Analysis June 30, 2018 and 2017

At June 30, 2018, the District's net investment in capital assets increased \$1.9 million to \$20.4 million from \$18.5 million at the end of FY 2016/17. At June 30, 2017, the District's net investment in capital assets increased \$2.6 million to \$18.5 million from \$15.9 million at the end of FY 2015/16. Capital asset categories are land, work in progress, equipment & transit vehicles, and buildings & improvements. The increase in capital assets, net in FY 2017/18 and FY 2016/17 was primarily due to the purchase of eight and nine fixed route buses, respectively, and equipment, offset by depreciation. See note E for more information about capital assets.

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

General economic conditions are expected to continue to improve during 2018. Ridership has decreased during 2016/17 compared to the previous year due to reduced fuel prices and a fare increase. This may continue to affect fare revenue.

Fiscal year 2017/18 budgeted overall operating and planning expenses, are up 3.02% or \$463,307, compared to the 2016/17 budget, due to previously agreed to contract rate changes with Transdev, increases in liability insurance, and an added loan servicing payment for the construction of a third skid on the CNG facility. Note that the budget includes 1,000 hours for added service to cover extra trips to the airport during holidays and school breaks, for re-routes anticipated because of ongoing street detours during the construction season, and for other unspecified changes in service.

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

### **Requests for Information**

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

YOLO COUNTY TRANSPORTATION DISTRICT

BALANCE SHEETS

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 7,840,791	\$ 7,828,096
Due from Other Governments	1,788,397	2,905,505
Accounts Receivable	106,078	8,459
TOTAL CURRENT ASSETS	<u>9,735,266</u>	<u>10,742,060</u>
<b>NONCURRENT ASSETS</b>		
Restricted Cash and Cash Equivalents:		
Capital Reserves	951,488	933,726
Governor's Office of Homeland Security	591,907	432,253
LCTOP	224,573	179,934
County of Yolo Grant - Madison Bus Stop	7,546	29,943
Total Restricted Assets	<u>1,775,514</u>	<u>1,575,856</u>
Capital Assets:		
Nondepreciable	465,000	465,000
Depreciable, Net	19,957,548	18,080,818
Total Capital Assets, Net	<u>20,422,548</u>	<u>18,545,818</u>
TOTAL NONCURRENT ASSETS	<u>22,198,062</u>	<u>20,121,674</u>
TOTAL ASSETS	<u>31,933,328</u>	<u>30,863,734</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Plan	470,452	436,585
Other Postemployment Benefits Plan	108,591	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>579,043</u>	<u>436,585</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 32,512,371</u>	<u>\$ 31,300,319</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,724,488	\$ 1,683,990
Accrued Wages	18,095	21,457
Due to Other Governments	410,467	300,976
Unearned Revenue	221,400	179,073
Accrued Compensated Absences	51,541	55,786
TOTAL CURRENT LIABILITIES	<u>2,425,991</u>	<u>2,241,282</u>
<b>NONCURRENT LIABILITIES</b>		
Accrued Compensated Absences	38,665	23,588
Net Other Postemployment Benefits Plan Liability	108,761	52,992
Net Pension Liability	1,208,539	1,070,526
TOTAL NONCURRENT LIABILITIES	<u>1,355,965</u>	<u>1,147,106</u>
TOTAL LIABILITIES	<u>3,781,956</u>	<u>3,388,388</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Plan	50,498	76,226
Other postemployment benefits plan	16,975	
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>67,473</u>	<u>76,226</u>
<b>NET POSITION</b>		
Investment in Capital Assets	20,422,548	18,545,818
Restricted for Equipment Replacement and Capital Projects	1,554,114	1,396,783
Restricted for Capital Purposes - State Transit Assistance	201,676	
Unrestricted	6,484,604	7,893,104
TOTAL NET POSITION	<u>28,662,942</u>	<u>27,835,705</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 32,512,371</u>	<u>\$ 31,300,319</u>

The accompanying notes are an integral part of these financial statements

YOLO COUNTY TRANSPORTATION DISTRICT  
STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION

For the Years Ended June 30, 2018 and 2017

	2018	2017
OPERATING REVENUE		
Passenger Fares	\$ 2,326,906	\$ 2,385,846
Special Fares	71,690	84,695
TOTAL OPERATING REVENUE	2,398,596	2,470,541
OPERATING EXPENSES		
Purchased Transportation	9,133,886	8,927,402
Salaries and Benefits	1,440,186	1,380,187
Vehicle Fuel	1,257,189	1,339,389
Insurance	812,747	579,967
Other Services and Supplies	725,483	636,828
Depreciation	2,686,914	2,548,222
TOTAL OPERATING EXPENSES	16,056,405	15,411,995
NET LOSS FROM OPERATIONS	(13,657,809)	(12,941,454)
NONOPERATING REVENUES (EXPENSES)		
Local Transportation Fund and State Transit Assistance Allocation	5,625,552	5,802,204
Federal Transit Administration (FTA) Grants:		
Operating Grants	1,205,204	2,945,344
Pass-through Grants	621,570	
Mitigation Revenue - Tribe	1,671,085	1,530,404
Miscellaneous Revenues	476,030	337,325
Auxiliary Transportation	469,742	586,734
Interest Revenue	118,411	51,105
State Grants	64,397	95,499
FTA Pass-through Grants to Other Governments	(621,570)	
Other Pass-through Grants to Other Governments	(28,200)	(24,200)
Gain (Loss) on Disposal of Capital Assets	1,420	(15,389)
TOTAL NONOPERATING REVENUES (EXPENSES)	9,603,641	11,309,026
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(4,054,168)	(1,632,428)
CAPITAL CONTRIBUTIONS		
Federal Transit Administration	4,079,270	1,059,326
State Proposition 1B	378,320	2,770,262
State of Good Repair	250,061	
State Transit Assistance	201,676	154,281
TOTAL CAPITAL CONTRIBUTIONS	4,909,327	3,983,869
CHANGE IN NET POSITION	855,159	2,351,441
Net Position at Beginning of Year - As Previously Reported	27,835,705	25,484,264
Restatement	(27,922)	
Net Position at Beginning of Year, as Restated	27,807,783	25,484,264
NET POSITION AT END OF YEAR	\$ 28,662,942	\$ 27,835,705

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Receipts From Customers	\$ 2,318,401	\$ 2,459,331
Cash Paid to Suppliers for Goods and Services	(11,779,316)	(10,536,768)
Cash Paid to Employees for Services	(1,418,067)	(1,329,195)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(10,878,982)</u>	<u>(9,406,632)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating Grants and Subsidies	10,686,305	9,973,532
Pass-through Payments	(649,770)	(24,200)
Other Income	945,772	924,059
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>10,982,307</u>	<u>10,873,391</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
<b>RELATED FINANCING ACTIVITIES</b>		
Capital Contributions Received	4,552,841	5,206,137
Acquisition of Capital Assets	(4,584,144)	(5,180,851)
Proceeds from sale of capital assets	21,920	7,110
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(9,383)</u>	<u>32,396</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Pooled Investments	118,411	51,105
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>118,411</u>	<u>51,105</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	212,353	1,550,260
Cash and Cash Equivalents at Beginning of Year	9,403,952	7,853,692
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 9,616,305</u>	<u>\$ 9,403,952</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET</b>		
Cash and Cash Equivalents	\$ 7,840,791	\$ 7,828,096
Restricted Cash and Cash Equivalents	1,775,514	1,575,856
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 9,616,305</u>	<u>\$ 9,403,952</u>
<b>RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:</b>		
Net Loss From Operations	\$ (13,657,809)	\$ (12,941,454)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:		
Depreciation	2,686,914	2,548,222
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
Accounts Receivable and Due from Other Governments	(80,195)	(11,210)
Net Pension Liability and Related Deferred Outflows/Inflows of Resources	(41,120)	20,246
Accounts Payable and Due to Other Governments	149,989	946,818
Accrued Wages	(3,362)	(38,201)
Accrued Compensated Absences	10,832	14,955
Other Postemployment Benefits	55,769	53,992
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (10,878,982)</u>	<u>\$ (9,406,632)</u>

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

# YOLO COUNTY TRANSPORTATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Yolo County Transportation District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles of the District are described below.

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

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

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

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

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the fund are included on the balance sheet. Net Position is segregated into the 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.

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Deferred Inflows and Outflows of Resources: In addition to assets and liabilities, the balance sheet will sometimes report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the District's pension plan under GASB 68 as described in Note H and other postemployment benefits (OPEB) plan under GASB 75 as described in Note I to the financial statements.

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

Unearned Revenue: Amounts reported as unearned revenue consist of funds received by the District before appropriate expenses have been incurred to be able to record the funds as revenue.

Restricted Net Position: Restrictions of net position show amounts that are legally restricted for specific uses. The amounts restricted for equipment replacement include TDA revenues restricted in accordance with TDA requirements since amounts are billed in advance of expenses being incurred as well as other restricted cash and cash equivalents described in Note C. Restricted for capital purposes represented State Transit Assistance Fund (STAF) revenues restricted for capital projects through June 30, 2015 because the District did not meet required STAF efficiency standards necessary to use STAF for operating purposes. The District met the efficiency standards for years after 2016 and STAF is now available for operations.

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s California Public Employees’ Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

NOTE B – CASH AND CASH EQUIVALENTS

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

	2018	2017
Cash and cash equivalents	\$ 7,840,791	\$ 7,828,096
Restricted cash and equivalents	1,775,514	1,575,856
Total cash and investments	\$ 9,616,305	\$ 9,403,952

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

	2018	2017
Cash on hand	\$ 400	\$ 400
Deposits with financial institutions	67,709	98,447
Investment in Yolo County Pooled Investment Fund	9,548,196	9,305,105
Total cash and investments	\$ 9,616,305	\$ 9,403,952

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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

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

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

Interest rate risk: Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive the fair value is to changes in market interest rates. As of June 30, 2018 and 2017, the weighted average maturity of the investments contained in the County of Yolo investment pool was approximately 499 and 335 days, respectively.

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

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

YOLO COUNTY TRANSPORTATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

At June 30, 2018 and 2017, the carrying amount of the District’s deposits was \$67,709 and \$98,447 and the balance in financial institutions was \$62,392 and \$89,316, respectively. All of the balance in financial institutions was insured by the Federal Deposit Insurance Corporation (FDIC) at June 30, 2018 and 2017.

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

NOTE C – RESTRICTED CASH AND CASH EQUIVALENTS

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

	2018	2017
Capital reserves	\$ 951,488	\$ 933,726
Governor's Office of Homeland Security	591,907	432,253
LCTOP	224,573	179,934
County grant - Madison Bus Stop	7,546	29,943
Total restricted cash and cash equivalents	\$ 1,775,514	\$ 1,575,856

Capital Reserves: For the fiscal years ended June 30, 2018 and 2017, the District accumulated \$951,488 and \$933,726 from its member agencies from TDA allocations that is restricted for equipment replacement and capital purposes.

NOTE D – DUE FROM OTHER GOVERNMENTS

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

	2018	2017
Federal Transit Administration grants	\$ 505,607	\$ 2,190,471
California Department of Transportation	273,140	221,109
SACOG - State of Good Repair	250,061	
PTMISEA	225,846	
SACOG - State Transit Assistance	201,676	43,111
Internal Revenue Service - fuel tax rebate	198,262	213,661
Sacramento Regional Transit District	108,086	96,654
City of West Sacramento	11,333	10,380
Other	14,386	37,316
SACOG - other		43,595
Yolo County		29,943
California Environmental Protection Agency		19,265
Total due from other governments	\$ 1,788,397	\$ 2,905,505

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE E – CAPITAL ASSETS

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

<b>Fixed Route Service</b>	Balance July 1, 2017	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2018
Capital assets, not being depreciated:					
Land	\$ 465,000				\$ 465,000
Total capital assets, not being depreciated	465,000				465,000
Capital assets, being depreciated:					
Equipment and transit vehicles	33,662,057	\$ 4,571,893	\$ (1,506,572)		36,727,378
Buildings and improvements	11,171,120				11,171,120
Total capital assets, being depreciated	44,833,177	4,571,893	(1,506,572)		47,898,498
Less accumulated depreciation for:					
Equipment and transit vehicles	(22,772,759)	(2,029,750)	1,486,072		(23,316,437)
Buildings and improvements	(4,985,280)	(488,641)			(5,473,921)
Total accumulated depreciation	(27,758,039)	(2,518,391)	1,486,072		(28,790,358)
Total capital assets being depreciated, net	17,075,138	2,053,502	(20,500)		19,108,140
Capital assets, net	<u>\$ 17,540,138</u>	<u>\$ 2,053,502</u>	<u>\$ (20,500)</u>	<u>\$ -</u>	<u>\$ 19,573,140</u>
<b>ADA Paratransit Service</b>					
Capital assets, being depreciated:					
Equipment and transit vehicles	\$ 1,861,178	\$ 12,251	\$ (526,401)		\$ 1,347,028
Total capital assets, being depreciated	1,861,178	12,251	(526,401)		1,347,028
Less accumulated depreciation for:					
Equipment and transit vehicles	(855,498)	(168,523)	526,401		(497,620)
Total accumulated depreciation	(855,498)	(168,523)	526,401		(497,620)
Capital assets, net	<u>\$ 1,005,680</u>	<u>\$ (156,272)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 849,408</u>
Total capital assets, net	<u>\$ 18,545,818</u>	<u>\$ 1,897,230</u>	<u>\$ (20,500)</u>	<u>\$ -</u>	<u>\$ 20,422,548</u>

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE E – CAPITAL ASSETS (Continued)

<b>Fixed Route Service</b>	Balance July 1, 2016	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2017
Capital assets, not being depreciated:					
Land	\$ 465,000				\$ 465,000
Total capital assets, not being depreciated	465,000				465,000
Capital assets, being depreciated:					
Equipment and transit vehicles	30,184,436	\$ 5,153,552	\$ (1,675,931)		33,662,057
Buildings and improvements	11,171,120				11,171,120
Total capital assets, being depreciated	41,355,556	5,153,552	(1,675,931)		44,833,177
Less accumulated depreciation for:					
Equipment and transit vehicles	(22,581,673)	(1,844,518)	1,653,432		(22,772,759)
Buildings and improvements	(4,444,640)	(540,640)			(4,985,280)
Total accumulated depreciation	(27,026,313)	(2,385,158)	1,653,432		(27,758,039)
Total capital assets being depreciated, net	14,329,243	2,768,394	(24,449)		17,075,138
Capital assets, net	<u>\$ 14,794,243</u>	<u>\$ 2,768,394</u>	<u>\$ (24,449)</u>	<u>\$ -</u>	<u>\$ 17,540,138</u>
<b>ADA Paratransit Service</b>					
Capital assets, being depreciated:					
Equipment and transit vehicles	\$ 1,883,080	\$ 27,299	\$ (49,199)	\$ (2)	\$ 1,861,178
Total capital assets, being depreciated	1,883,080	27,299	(49,199)	(2)	1,861,178
Less accumulated depreciation for:					
Equipment and transit vehicles	(741,635)	(163,064)	49,199	2	(855,498)
Total accumulated depreciation	(741,635)	(163,064)	49,199	2	(855,498)
Capital assets, net	<u>\$ 1,141,445</u>	<u>\$ (135,765)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,005,680</u>
Total capital assets, net	<u>\$ 15,935,688</u>	<u>\$ 2,632,629</u>	<u>\$ (24,449)</u>	<u>\$ -</u>	<u>\$ 18,545,818</u>

NOTE F – COMPENSATED ABSENCES

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

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Due within one year
Compensated absences	<u>\$ 79,374</u>	<u>\$ 56,184</u>	<u>\$ (45,352)</u>	<u>\$ 90,206</u>	<u>\$ 51,541</u>
	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Due within one year
Compensated absences	<u>\$ 64,419</u>	<u>\$ 65,866</u>	<u>\$ (50,911)</u>	<u>\$ 79,374</u>	<u>\$ 55,786</u>

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE G – FARE REVENUE RATIO

The District is required to maintain a fare revenue to operating expense ratio of 15% for the years ending June 30, 2018 and 2017, 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:

	2018	2017
Fare revenues	\$ 2,398,596	\$ 2,470,541
Operating expenses	\$ 16,056,405	\$ 15,411,995
Less allowable exclusions:		
Depreciation	(2,686,914)	(2,548,222)
Net operating expenses	\$ 13,369,491	\$ 12,863,773
Fare revenue ratio	17.94%	19.21%

NOTE H – PENSION PLAN

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

- Miscellaneous Plan
- PEPRAs Miscellaneous Plan

Benefit provisions under the Plan are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

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

The Plan’s provisions and benefits in effect at June 30, 2018 and 2017, are summarized as follows:

	2018		2017	
	Miscellaneous Plan (Prior to January 1, 2013)	PEPRAs Miscellaneous Plan (On or after January 1, 2013)	Miscellaneous Plan (Prior to January 1, 2013)	PEPRAs Miscellaneous Plan (On or after January 1, 2013)
Hire date				
Benefit formula (at full retirement)	2.5% @ 55	2.0% @ 62	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.000%	6.250%	8.000%	6.250%
Required employer contribution rates	10.110%	6.533%	10.069%	6.237%

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE H – PENSION PLAN (Continued)

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

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

For the years ended June 30, 2018 and 2017, the employer contributions recognized as part of pension expense were \$149,656 and \$138,557, respectively.

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

	2018	2017
Proportionate Share of Net Pension Liability	Proportionate Share of Net Pension Liability	Proportionate Share of Net Pension Liability
Total net pension liability	\$ 1,208,539	\$ 1,070,526

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017 and 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2016 and 2015 rolled forward to June 30, 2017 and 2016 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, compared to prior year were as follows:

	2018	2017
Proportion - June 30, 2017	0.030816%	
Proportion - June 30, 2018	0.030658%	
Change - increase (decrease)	-0.000158%	
Proportion - June 30, 2016		0.032774%
Proportion - June 30, 2017		0.030816%
Change - increase (decrease)		-0.001958%

During the years ended June 30, 2018 and 2017, the District recognized pension expense of \$228,074 and \$158,803, respectively. At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE H – PENSION PLAN (Continued)

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 149,656		\$ 138,557	
Differences between actual and expected experience	1,396	\$ (19,996)	4,392	\$ (1,006)
Changes in assumptions	173,166	(13,204)		(41,554)
Differences between the employer's contributions and the employer's proportionate share of contributions	38,581		50,370	
Change in employer's proportion	68,490	(17,298)	26,992	(33,666)
Net differences between projected and actual earnings on plan investments	39,163		216,274	
<b>Total</b>	<b>\$ 470,452</b>	<b>\$ (50,498)</b>	<b>\$ 436,585</b>	<b>\$ (76,226)</b>

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as net deferred outflows (inflows) of resources related to the Plan will be recognized as pension expense as follows:

Fiscal Year Ended June 30	2018	2017
2018		\$ 38,726
2019	\$ 98,407	32,948
2020	118,262	94,109
2021	76,881	56,019
2022	(23,252)	
	<b>\$ 270,298</b>	<b>\$ 221,802</b>

**Actuarial Assumptions:** The total pension liabilities in the June 30, 2016 and 2015 actuarial valuations for the Plan used during the years ended June 30 were determined using the following actuarial assumptions:

	2018	2017
Valuation date	June 30, 2016	June 30, 2015
Measurement date	June 30, 2017	June 30, 2016
Actuarial cost method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial assumptions:		
Discount rate	7.15%	7.65%
Inflation	2.75%	2.75%
Payroll growth	3.00%	3.00%
Projected salary increase <sup>(1)</sup>	3.2% - 12.2%	3.3% - 14.2%
Investment rate of return	7.375%	7.65%
Mortality <sup>(2)</sup>	Derived using CalPERS Membership Data for all Funds	Derived using CalPERS Membership Data for all Funds

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

(2) 20 years of mortality improvement - Society of Actuaries Scale BB.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 and 2015 valuation were based on the results of an April 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website. The discount rate and investment rate of return changes above are changes in assumptions.

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE H – PENSION PLAN (Continued)

**Discount Rate:** The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the 7.15% discount was adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	2018			2017		
	New	Real Return	Real Return	New	Real Return	Real Return
	Strategic Allocation	Years 1 - 10(a)	Years 11+(b)	Strategic Allocation	Years 1 - 10(a)	Years 11+(b)
Global equity	47.0%	4.90%	5.38%	51.0%	5.25%	5.71%
Global fixed income	19.0%	0.80%	2.27%	20.0%	0.99%	2.43%
Inflation sensitive	6.0%	0.60%	1.39%	6.0%	0.45%	3.36%
Private equity	12.0%	6.60%	6.63%	10.0%	6.83%	6.95%
Real estate	11.0%	2.80%	5.21%	10.0%	4.50%	5.13%
Infrastructure and forestland	3.0%	3.90%	5.36%	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.40%	-0.90%	1.0%	(0.55)%	(1.05)%
Total	<u>100.0%</u>			<u>100.0%</u>		

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

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

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

YOLO COUNTY TRANSPORTATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE H – PENSION PLAN (Continued)

	2018	2017
1% decrease	6.15%	6.65%
Net pension liability	\$ 1,779,343	\$ 1,584,960
Current discount rate	7.15%	7.65%
Net pension liability	\$ 1,208,539	\$ 1,070,526
1% increase	8.15%	8.65%
Net pension liability	\$ 735,789	\$ 645,373

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

Payable to the Pension Plan: At June 30, 2018 and 2017, the District reported a payable for the outstanding amount of contributions to the Plan of \$2,540 and \$2,771, respectively.

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

Plan Description: The Yolo County Transportation District Retiree Healthcare Plan (“Plan”) is an agent multiple-employer defined benefit healthcare plan that provides OPEB benefits consisting of medical insurance premiums to all employees once they attain 50 years of age (52 for employees hired on or after January 1, 2013), have five years of CalPERS credited service with the District or other agencies or have an approved disability retirement. Benefits are also provided to employees’ surviving spouses and other eligible dependents. The Plan provides healthcare benefits through the California Public Employees’ Retirement system healthcare program (PEMHCA), which invests the Plan’s assets through the California Employers’ Retiree Benefit Trust (CERBT). The CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 to administer retiree healthcare benefits and collectively invest plan assets of all trust members. The CERBT issues publicly available financial statements that can be obtained from the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov) under the Forms and Publications. No other publicly available reports are available for the plan.

Benefits Provided: The District is required to provide a contribution toward monthly retiree medical premiums for the retiree’s lifetime or until coverage is discontinued at a rate of 90% for management employees and 100% for non-management employees, respectively, multiplied by a phase in percentage of 95% during 2018 up to a maximum amount specified in Resolution 2014-05 ranging from \$591 for single to \$1,536 for family coverage for non-management employees. The benefits do not cease at age 65 when the retiree or spouse is eligible for Medicare. Benefits continue to surviving spouses and dependents. Implied subsidies are valued for community rated plans such as PEMHCA under revised Actuarial Standards of Practice (ASOP) No. 6 released in May 2014.

Disclosures Required by GASB Statement No. 75 for the Year Ended June 30, 2018:

Employees Covered by Benefit Terms: At June the 30, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	9
Total	12

Contributions: The Board of Directors has the authority to establish and amend the contribution requirements of the District and employees under powers granted to it under the California Government Code. The District’s current benefits were defined under Board Resolution 2014-05. The required contributions are described above. Employees are not required to contribute to the Plan. The District’s contributions during the year ended June 30, 2018 consisted

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

of direct payments of insurance premiums of \$13,553, implied subsidy payments of \$9,194 and contributions to CERBT of \$85,844 for a total of \$108,591.

Net OPEB Liability: The Agency’s net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions: The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	7.25%
Inflation	2.75%
Aggregate salary increases	3.25%
Investment rate of return	7.25%
Demographic actuarial assumptions	Derived using CalPERS 1997-2011 Experience Study
Mortality improvement	MacLeod Watts Scale 2017 applied generationally
Healthcare cost trend rates	7.5% initially, trending down to 5.0% in 2024 and later
Participation rate assumption	100%

The healthcare cost trend rates above represent a change in assumption from the previous valuation when healthcare cost trend rates of 6.5% for non-Medicare and 6.7% for Medicare premiums initially trending down to 5% in 2021 years were used.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) was used and developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class in CERBT Strategy 1 used by the District are summarized in the following table:

Asset Class	2018			2017		
	New	Real Return Years 1 - 10(a)	Real Return Years 11+(b)	New	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
	Strategic Allocation			Strategic Allocation		
Global equity	47.0%	4.90%	5.38%	51.0%	5.25%	5.71%
Global fixed income	19.0%	0.80%	2.27%	20.0%	0.99%	2.43%
Inflation sensitive	6.0%	0.60%	1.39%	6.0%	0.45%	3.36%
Private equity	12.0%	6.60%	6.63%	10.0%	6.83%	6.95%
Real estate	11.0%	2.80%	5.21%	10.0%	4.50%	5.13%
Infrastructure and forestland	3.0%	3.90%	5.36%	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.40%	-0.90%	1.0%	(0.55)%	(1.05)%
Total	100.0%			100.0%		

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

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

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Discount Rate: The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that Agency contributions will continue based upon the current funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2017 (as restated)	\$ 734,273	\$ 603,351	\$ 130,922
Changes for the year:			
Service cost	38,264		38,264
Interest	55,162		55,162
Contributions - employer		50,008	(50,008)
Net investment income		65,916	(65,916)
Benefit payments	(23,359)	(23,359)	
Administrative expense		(337)	337
Net changes	<u>70,067</u>	<u>92,228</u>	<u>(22,161)</u>
Balance at June 30, 2018	<u>\$ 804,340</u>	<u>\$ 695,579</u>	<u>\$ 108,761</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates: The following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	Current		
	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Net OPEB liability (asset)	\$ 219,319	\$ 108,761	\$ 18,321

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

	Current		
	1% Decrease 6.5% Initially	Healthcare Cost Trend Rates 7.5% Initially	1% Increase 8.5% Initially
Net OPEB liability (asset)	\$ 2,301	\$ 108,761	\$ 250,058

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

YOLO COUNTY TRANSPORTATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended June 30, 2018, the Agency recognized OPEB expense of \$44,822. At June 30, 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 108,591	
Net differences between projected and actual earnings on OPEB plan investments		\$ (16,975)
Total	\$ 108,591	\$ (16,975)

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	
2019	\$ (4,244)
2020	(4,244)
2021	(4,244)
2022	(4,243)
	\$ (16,975)

Payable to the OPEB Plan: There was no payable to the OPEB plan at June 30, 2018.

Disclosures Required by GASB Statement No. 45 for the Year Ended June 30, 2017:

Annual OPEB Cost and Net OPEB Obligation: The Agency’s annual OPEB cost (expense) of \$104,000 for the year ended June 30, 2017 was calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The Agency is implementing GASB Statement No. 45 prospectively. 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 year ended June 30, 2017, the amount actually contributed to the Plan, and changes in the District’s Net OPEB obligation:

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

	2017
Annual required contribution	\$ 109,000
Interest on net OPEB obligation	(5,000)
Adjustment to annual required contribution	
Annual OPEB cost (expense)	104,000
Contribution made:	
Benefit payments	(15,359)
Implied subsidy	(8,000)
Trust pre-funding	(26,649)
Total contributions	(50,008)
Increase (decrease) in net OPEB (asset) obligation	53,992
Net OPEB (asset) obligation - beginning of year	(1,000)
Net OPEB (asset) obligation - end of year	\$ 52,992

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2015	\$ 24,735	87.60%	\$ (49,764)
6/30/2016	101,000	48.28%	(1,000)
6/30/2017	104,000	48.08%	52,992

Funded Status and Funding Progress: The funded status of the Plan as of June 30, 2015, which is the latest date available from the June 30, 2015 valuation as of June 30, 2017, was as follows:

Actuarial accrued liability (AAL)	\$ 806,000
Actuarial value of Plan assets	601,000
Unfunded actuarial accrued liability (UAAL)	\$ 205,000
Funded ratio (actuarial value of Plan assets/AAL)	74.57%
Covered payroll (active Plan participants)	\$ 750,000
UAAL as a percentage of covered payroll	27.33%

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.

YOLO COUNTY TRANSPORTATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

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, 2015 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. Actual medical premiums were used through 2017 and the annual healthcare cost trend 6.5% for non-Medicare and 6.7% for Medicare premiums in 2018, reduced by decrements to and ultimate rate of 5% in 2021 and future periods. Asset gains and losses are recognized over 5 years with a corridor of 80% and 120% of market value. The UAAL was amortized based on 20-year fresh start of the UAAL on June 30, 2015 with a maximum 30 year amortization period.

NOTE J – OTHER STATE GRANT PROGRAMS

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

The District received \$225,846 and \$2.6 million PTMISEA funds for the purchase of CNG and paratransit vehicles during the years ended June 30, 2018 and 2017, respectively. For the years ended June 30, PTMISEA funds received and expended were verified in the course of the audit as follows:

	2018	2017
Unexpended proceeds, beginning of year		
PTMISEA allocation	\$ 225,846	\$ 2,600,000
Expenses incurred:		
Compressed natural gas (CNG) buses	(225,846)	
Paratransit buses		(2,600,000)
	\$ -	\$ -
Unexpended proceeds		

Governor’s Office of Homeland Security: Included in the \$19.925 billion Proposition 1B State general obligation bonds was \$1 billion set aside for Transit System Safety, Security & Disaster Response projects. The Governor’s Office of Homeland Security (OHS) has been charged with administering these funds for capital projects that provide increased protection against a security and safety threat, and for capital expenditures to increase the capacity of transit operations, including waterborne transit operators, to develop disaster response transportation systems that can move people, goods and emergency personnel and equipment in the aftermath of a disaster impairing the mobility of goods, people and equipment.

The District applied for and received \$152,474 and \$170,262 during the years ended June 30, 2018 and 2017 and had unspent funds as of June 30, 2014 for OHS approved projects and equipment, which included facility security improvements, wireless access equipment, Route Match/AVL connection equipment and software. Unspent funds at June 30, 2018 represent facility safety and security program funds (camera equipment to be installed on buses).

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE J – OTHER STATE GRANT PROGRAMS (Continued)

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:

	2018	2017
Unexpended proceeds, beginning of year	\$ 432,253	\$ 573,171
Revenue received	152,474	170,262
Interest earnings	7,180	4,926
Expenses incurred:		
Apollo Video Camera System		(90,167)
AVL Ranger Equipment		(159,756)
Wireless Access Equipment		(61,991)
West Sacramento Yard Camera		(4,192)
	\$ 591,907	\$ 432,253
Unexpended proceeds, end of year		

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

The District received \$82,931 and \$181,156 during the years ended June 30, 2018 and 2016 for the for use in the connect card project. During the year ended June 30, 2015 and \$58,833 was received for the Yobobus fare reduction program. As of June 30, LCTOP funds received and expended were verified in the course of the audit as follows:

	2018	2017
Unexpended proceeds, beginning of year	\$ 179,934	\$ 238,964
Revenue received	82,931	
Interest earnings	3,832	1,591
Expenses incurred:		
Connect card program	(42,124)	
Fare reduction program revenue replacement		(60,621)
	\$ 224,573	\$ 179,934
Unexpended proceeds, end of year		

Unspent funds at June 30, 2018 are held for the connect card project, e-lockers, West Sacramento Pilot Program and fare reduction program. The District also has an unclaimed allocation of \$309,231 for zero emission electric buses at June 30, 2018.

NOTE K – INSURANCE COVERAGE

The District participates in the California Transit Indemnity Pool (CalTIP), a public entity risk pool of governmental transit operators within California, for liability (general, automobile, public officials errors and omissions and employment practices) and vehicle physical damage (collision and comprehensive). The District is provided with excess coverage fund for these items through commercial insurance. Loss contingency reserves established by

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE K – INSURANCE COVERAGE (Continued)

CalTIP are funded by contributions from member agencies. The District pays an annual premium to CalTIP that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting, legal costs, administrative and other costs to operate CalTIP. The District's CalTIP pooled coverage is \$10,000,000 for liability and \$100,000 for vehicle physical damage coverage for each occurrence. The District also has excess liability coverage through private insurance for an additional \$15,000,000 for liability coverage and \$29,900,000 for vehicle physical damage for a total of \$25,000,000 for liability and \$30,000,000 for vehicle physical damage coverage per occurrence. The District has no deductible for its liability policy and a \$10,000 and \$500 deductible for bus and automobile claims, respectively, for the vehicle physical damage policy. In the year ended June 30, 2018, the District added CalTIP coverage for employment practices liability through the Employment Risk Management Authority in the amount of \$1,000,000. Settled claims resulting from all risks have not exceeded the District's commercial insurance coverage and no reductions in insurance coverage have occurred in the past three years.

NOTE L – 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 M – 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.

The Transdev contract ended on August 1, 2018. On July 19, 2018, the District entered into a seven-year agreement with Transdev to provide transit services. The amounts payable to Transdev for the period of August 1, 2018 through July 31, 2025 will not exceed \$71,555,394. This agreement, upon approval from the District, may be extended for up to five additional years from August 1, 2025 through July 31, 2030 at an amount not to exceed \$60,516,483.

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.

On December 14, 2018, the California Air Resources Board adopted Resolution 18-60 which enacted mandates that beginning January 1, 2026, twenty-five percent of the District's new bus purchases in each calendar year must be zero-emission buses and beginning January 1, 2029 all new District bus purchases must be zero-emission buses. The resolution allows for hardship exemptions.

NOTE N – RELATED PARTY TRANSACTIONS

The County of Yolo, a member of the Yolo County Transportation District, provides certain legal, accounting, investment and other professional services to the District. Legal services are billed separately and at amounts that will approximately recover the County's full cost of providing such services. Expense for services provided by the County totaled \$32,154 and \$35,996 for the years ended June 30, 2018 and 2017, respectively.

YOLO COUNTY TRANSPORTATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE O - SUBSEQUENT EVENTS

In July of 2017, the Board of Directors authorized a contract for the construction of a third compressed natural gas skid in an amount not to exceed \$1,009,000. State Transit Assistance Funds in the amount of \$201,676 were received for this project.

In January 2019, the District entered into an agreement with Sacramento Regional Transit District (SRTD) and Electrify America, LLC, a subsidiary of Volkswagen. Under the terms of the agreement, Electrify America will provide the funds for 12 40-foot zero emission vehicle (ZEV) buses and related equipment that will be split evenly by the District and SRTD. The District and SRTD will operate ZEV bus services between UC Davis in the City of Davis and UC Davis Medical Center in Sacramento along with limited intermittent stops. SRTD will be responsible for the procurement of the buses. Electrify America will design and install charging equipment at both transit properties. The District and SRTD expect to complete this bus purchase during the year ended June 30, 2020.

In February 2019, the Board of Directors authorized the purchase of three small cutaway diesel paratransit vehicles for a total cost of \$387,000, including related equipment, warranties, training, special tools and services. The District anticipates FTA funds, Cache Creek Casino Resort or Yocha Dehe Tribe of the Wintun Nation funds, and its local funds through member agencies of \$228,407, \$129,000 and \$29,593, respectively, will be available to fund the purchase and expects to complete this bus purchase during the year ended June 30, 2019.

In February 2019, the Board of Directors authorized the purchase of eight 40-foot Compressed Natural Gas (CNG) fixed route buses with near-zero CNG engines for a total cost of \$5,280,000, including related equipment, warranties, training, special tools and services. The District anticipates Federal Transit Administration (FTA) funds and local funds through member agencies of \$4,674,384 and \$605,616, respectively, will be available to fund the purchase and expects to complete this bus purchase during the year ended June 30, 2020.

In February 2019, the Board of Directors authorized a sole-source purchase of video surveillance systems for buses and facilities in an amount not to exceed \$485,137 using Proposition 1B funds.

NOTE P – RESTATEMENT

During the year ended June 30, 2018, the District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Due to the implementation of this Statement, the District recorded deferred outflows of resources and a net OPEB liability, resulting in a reduction of net position as follows.

	Fixed Route Services	ADA Paratransit Service	Total
Net Position as originally reported - June 30, 2017	\$ 26,561,746	\$ 1,273,959	\$ 27,835,705
To adjust OPEB deferred outflows to implement GASB Statement No. 75	50,008		50,008
To adjust net OPEB liability to implement GASB Statement No. 75	(77,930)		(77,930)
Total change to net position	<u>(27,922)</u>		<u>(27,922)</u>
Net Position as restated - June 30, 2017	<u>\$ 26,533,824</u>	<u>\$ 1,273,959</u>	<u>\$ 27,807,783</u>

REQUIRED SUPPLEMENTARY INFORMATION

YOLO COUNTY TRANSPORTATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2018

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Proportion of the net pension liability at measurement date	0.030660%	0.030816%	0.032774%	0.031010%
Proportionate share of the net pension liability	\$ 1,208,539	\$ 1,070,526	\$ 899,146	\$ 766,359
Covered - employee payroll for measurement period	\$ 872,297	\$ 688,885	\$ 629,657	\$ 623,001
Proportionate share of the net pension liability as percentage of covered payroll	138.55%	155.40%	142.80%	123.01%
Plan fiduciary net position	\$ 2,941,348	\$ 2,750,531	\$ 2,694,045	\$ 2,478,946
Plan fiduciary net position as a percentage of the total pension liability	70.88%	71.98%	74.98%	76.39%

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution during employer's fiscal year (actuarially determined)	\$ 149,656	\$ 138,557	\$ 123,865	\$ 134,229
Contributions in relation to the actuarially determined contributions	(149,656)	(138,557)	(123,865)	(134,229)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll for employer's fiscal year	\$ 868,639	\$ 829,909	\$ 688,885	\$ 629,657
Contributions as a percentage of covered - employee payroll	17.23%	16.70%	17.98%	21.32%
Notes to Schedule:				
Valuation date:	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Investment rate of return and discount rate used to compute contribution rates	7.375%	7.50%	7.50%	7.50%

Methods and assumptions used to determine contribution rates

Actuarial method	Entry age normal cost method
Amortization method	Difference between projected and actual earnings is amortized straight-line over 5 Years. All other amounts are amortized straight-line over average remaining service life of participants.
Remaining amortization period	Not stated
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies depending on entry age and service.
Retirement age	50-67 years. Probabilities of retirement are based on the 2010 CalPERS Experience Study for the Period 1997 to 2007.
Mortality	CalPERS specific data from April 2014 Actuarial Experience Study for the period 1997 to 2011 that uses 20 years of mortality improvements using Society of Actuaries Scale BB.

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

YOLO COUNTY TRANSPORTATION DISTRICT

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

For the Year Ended June 30, 2018

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 38,264
Interest	55,162
Differences between expected and actual experience	
Changes in assumptions	
Changes in benefit terms	
Benefit payments	<u>(23,359)</u>
Net change in total OPEB liability	70,067
Total OPEB liability - beginning	<u>734,273</u>
Total OPEB liability - ending (a)	<u><u>\$ 804,340</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 50,008
Net investment income	44,697
Benefit payments	(23,359)
Investment Experience	21,219
Administrative expenses	<u>(337)</u>
Net change in plan fiduciary net position	92,228
Plan fiduciary net position - beginning	<u>603,351</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 695,579</u></u>
Net OPEB liability - ending (a)-(b)	<u><u>\$ 108,761</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>86.48%</u></u>
Covered-employee payroll - measurement period	<u><u>\$ 873,200</u></u>
Net OPEB liability as percentage of covered-employee payroll	<u><u>12.46%</u></u>
Notes to schedule:	
Valuation date	June 30, 2017
Measurement period - fiscal year ended	June 30, 2017
Benefit changes:	None
Changes in assumptions:	None

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

YOLO COUNTY TRANSPORTATION DISTRICT

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

For the Year Ended June 30, 2018

	<u>2018</u>
Actuarially determined contribution - employer fiscal year	\$ 79,191
Contributions in relation to the actuarially determined contributions	(108,591)
Contribution deficiency (excess)	<u>\$ (29,400)</u>
Covered-employee payroll - employer fiscal year	\$ 871,734
Contributions as a percentage of covered-employee payroll	12.46%

**Notes to Schedule:**

Valuation date	June 30, 2017
Measurement period - fiscal year ended	June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method/period	Level percentage of payroll over working lifetime of employees. Period not stated.
Asset valuation method	Market value
Discount rate	7.25%
Inflation	2.75%
Aggregate salary increases	3.25%
Investment rate of return	7.25%
Retirement age	Retirement age is consistent with Miscellaneous - 2.5%@55 and PEPR - 2%@62 retirement rates
Demographic assumptions	Derived using CalPERS 1997-2011 Experience Study
Mortality improvement	MacLeod Watts Scale 2017 applied generationally
Healthcare trend rates	7.5% initially, trending down to 5.0% in 2024 and later
Participation assumption	100%

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

YOLO COUNTY TRANSPORTATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
6/30/2011	\$ 178,000	\$ 687,000	\$ 509,000	25.90%	\$ 665,000	76.50%
6/30/2013	418,000	550,000	132,000	76.00%	613,000	21.53%
6/30/2015	601,000	806,000	205,000	74.57%	750,000	27.33%

Note: Schedule is presented for the year ended June 30, 2017 and is prepared in accordance with GASB Statement No. 45, which was applicable as of that date. The schedule above represents the last three years available as of June 30, 2017. Missing dates were not available in the latest valuation.

SUPPLEMENTARY INFORMATION

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING BALANCE SHEET

June 30, 2018

	Fixed Route Service	ADA Paratransit Service	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 7,736,197	\$ 104,594	\$ 7,840,791
Due from Other Governments	1,787,501	896	1,788,397
Accounts Receivable	10,163	95,915	106,078
TOTAL CURRENT ASSETS	<u>9,533,861</u>	<u>201,405</u>	<u>9,735,266</u>
<b>NONCURRENT ASSETS</b>			
Restricted Cash and Cash Equivalents:			
Capital Reserves	926,577	24,911	951,488
Governor's Office of Homeland Security	591,907		591,907
LCTOP	224,573		224,573
County of Yolo Grant - Madison Bus Stop	7,546		7,546
Total Restricted Assets	<u>1,750,603</u>	<u>24,911</u>	<u>1,775,514</u>
Capital Assets:			
Nondepreciable	465,000		465,000
Depreciable, Net	19,108,140	849,408	19,957,548
Total Capital Assets, Net	<u>19,573,140</u>	<u>849,408</u>	<u>20,422,548</u>
TOTAL NONCURRENT ASSETS	<u>21,323,743</u>	<u>874,319</u>	<u>22,198,062</u>
TOTAL ASSETS	<u>30,857,604</u>	<u>1,075,724</u>	<u>31,933,328</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Plan	470,452		470,452
Other Postemployment Benefits Plan	108,591		108,591
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>579,043</u>		<u>579,043</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 31,436,647</u>	<u>\$ 1,075,724</u>	<u>\$ 32,512,371</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 1,503,644	\$ 220,844	\$ 1,724,488
Accrued Wages	18,095		18,095
Due to Other Governments	385,325	25,142	410,467
Unearned Revenue	221,400		221,400
Accrued Compensated Absences	51,541		51,541
TOTAL CURRENT LIABILITIES	<u>2,180,005</u>	<u>245,986</u>	<u>2,425,991</u>
<b>NONCURRENT LIABILITIES</b>			
Accrued Compensated Absences	38,665		38,665
Net Other Postemployment Benefits Plan Liability	108,761		108,761
Net Pension Liability	1,208,539		1,208,539
TOTAL NONCURRENT LIABILITIES	<u>1,355,965</u>		<u>1,355,965</u>
TOTAL LIABILITIES	<u>3,535,970</u>	<u>245,986</u>	<u>3,781,956</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Plan	50,498		50,498
Other Postemployment Benefits Plan	16,975		16,975
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>67,473</u>		<u>67,473</u>
<b>NET POSITION</b>			
Investment in Capital Assets	19,573,140	849,408	20,422,548
Restricted for Equipment Replacement and Capital Projects	1,529,203	24,911	1,554,114
Restricted for Capital Purposes - State Transit Assistance	201,676		201,676
Unrestricted	6,529,185	(44,581)	6,484,604
TOTAL NET POSITION	<u>27,833,204</u>	<u>829,738</u>	<u>28,662,942</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 31,436,647</u>	<u>\$ 1,075,724</u>	<u>\$ 32,512,371</u>

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING BALANCE SHEET

June 30, 2017

	Fixed Route Service	ADA Paratransit Service	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 7,828,096		\$ 7,828,096
Due from Other Governments	2,419,676	\$ 485,829	2,905,505
Accounts Receivable	8,459		8,459
<b>TOTAL CURRENT ASSETS</b>	<b>10,256,231</b>	<b>485,829</b>	<b>10,742,060</b>
<b>NONCURRENT ASSETS</b>			
Restricted Cash and Cash Equivalents:			
Capital Reserves	909,144	24,582	933,726
Governor's Office of Homeland Security	432,253		432,253
LCTOP	179,934		179,934
County of Yolo Grant - Madison Bus Stop	29,943		29,943
<b>Total Restricted Assets</b>	<b>1,551,274</b>	<b>24,582</b>	<b>1,575,856</b>
Capital Assets:			
Nondepreciable	465,000		465,000
Depreciable, net	17,075,138	1,005,680	18,080,818
<b>Total Capital Assets, Net</b>	<b>17,540,138</b>	<b>1,005,680</b>	<b>18,545,818</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>19,091,412</b>	<b>1,030,262</b>	<b>20,121,674</b>
<b>TOTAL ASSETS</b>	<b>29,347,643</b>	<b>1,516,091</b>	<b>30,863,734</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Plan	436,585		436,585
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 29,784,228</b>	<b>\$ 1,516,091</b>	<b>\$ 31,300,319</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 1,461,649	\$ 222,341	\$ 1,683,990
Accrued Wages	21,457		21,457
Due to Other Governments	281,185	19,791	300,976
Unearned Revenue	179,073		179,073
Accrued Compensated Absences	55,786		55,786
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,999,150</b>	<b>242,132</b>	<b>2,241,282</b>
<b>NONCURRENT LIABILITIES</b>			
Accrued Compensated Absences	23,588		23,588
Other Postemployment Benefits Liability	52,992		52,992
Net Pension Liability	1,070,526		1,070,526
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,147,106</b>		<b>1,147,106</b>
<b>TOTAL LIABILITIES</b>	<b>3,146,256</b>	<b>242,132</b>	<b>3,388,388</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Plan	76,226		76,226
<b>NET POSITION</b>			
Investment in Capital Assets	17,540,138	1,005,680	18,545,818
Restricted for Equipment Replacement and Capital Projects	1,372,201	24,582	1,396,783
Unrestricted	7,649,407	243,697	7,893,104
<b>TOTAL NET POSITION</b>	<b>26,561,746</b>	<b>1,273,959</b>	<b>27,835,705</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 29,784,228</b>	<b>\$ 1,516,091</b>	<b>\$ 31,300,319</b>

YOLO COUNTY TRANSPORTATION DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION

For the Year Ended June 30, 2018

	Fixed Route Service	ADA Paratransit Service	Total
<b>OPERATING REVENUE</b>			
Passenger Fares	\$ 2,269,436	\$ 57,470	\$ 2,326,906
Special Fares	14,145	57,545	71,690
<b>TOTAL OPERATING REVENUE</b>	<b>2,283,581</b>	<b>115,015</b>	<b>2,398,596</b>
<b>OPERATING EXPENSES</b>			
Purchased Transportation	7,855,839	1,278,047	9,133,886
Salaries and Benefits	1,440,186		1,440,186
Vehicle Fuel	1,158,384	98,805	1,257,189
Insurance	688,649	124,098	812,747
Other Services and Supplies	725,483		725,483
Depreciation	2,518,391	168,523	2,686,914
<b>TOTAL OPERATING EXPENSES</b>	<b>14,386,932</b>	<b>1,669,473</b>	<b>16,056,405</b>
<b>NET LOSS FROM OPERATIONS</b>	<b>(12,103,351)</b>	<b>(1,554,458)</b>	<b>(13,657,809)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Local Transportation Fund and State Transit Assistance Allocation	4,699,560	925,992	5,625,552
Federal Transit Administration (FTA) Grants:			
Operating Grants	1,121,372	83,832	1,205,204
Pass-through Grants	621,570		621,570
Mitigation Revenue - Tribe	1,589,620	81,465	1,671,085
Miscellaneous Revenues	476,030		476,030
Auxiliary Transportation	469,742		469,742
Interest Revenue/(Expense)	118,874	(463)	118,411
State Grants	64,397		64,397
FTA Pass-through Grants to Other Governments	(621,570)		(621,570)
Other Pass-through Grants to Other Governments	(28,200)		(28,200)
(Loss) Gain on Disposal of Capital Assets	(5,741)	7,161	1,420
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>8,505,654</b>	<b>1,097,987</b>	<b>9,603,641</b>
<b>NET (LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(3,597,697)</b>	<b>(456,471)</b>	<b>(4,054,168)</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>			
Federal Transit Administration	4,079,270		4,079,270
State Proposition 1B	378,320		378,320
State of Good Repair	250,061		250,061
State Transit Assistance	189,426	12,250	201,676
<b>TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>4,897,077</b>	<b>12,250</b>	<b>4,909,327</b>
<b>CHANGE IN NET POSITION</b>	<b>1,299,380</b>	<b>(444,221)</b>	<b>855,159</b>
Net Position at Beginning of Year - As Previously Reported	26,561,746	1,273,959	27,835,705
Restatement	(27,922)		(27,922)
Net Position at Beginning of Year, as Restated	<b>26,533,824</b>	<b>1,273,959</b>	<b>27,807,783</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 27,833,204</b>	<b>\$ 829,738</b>	<b>\$ 28,662,942</b>

YOLO COUNTY TRANSPORTATION DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION

For the Year Ended June 30, 2017

	Fixed Route Service	ADA Paratransit Service	Total
<b>OPERATING REVENUE</b>			
Passenger Fares	\$ 2,322,100	\$ 63,746	\$ 2,385,846
Special Fares	16,236	68,459	84,695
TOTAL OPERATING REVENUE	2,338,336	132,205	2,470,541
<b>OPERATING EXPENSES</b>			
Purchased Transportation	7,629,129	1,298,273	8,927,402
Salaries and Benefits	1,380,187		1,380,187
Vehicle Fuel	1,251,889	87,500	1,339,389
Insurance	495,971	83,996	579,967
Other Services and Supplies	633,312	3,516	636,828
Depreciation	2,385,158	163,064	2,548,222
TOTAL OPERATING EXPENSES	13,775,646	1,636,349	15,411,995
NET LOSS FROM OPERATIONS	(11,437,310)	(1,504,144)	(12,941,454)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Local Transportation Fund and State Transit			
Assistance Allocation	4,857,005	945,199	5,802,204
Federal Transit Administration Grants:			
Operating Grants	2,418,617	526,727	2,945,344
Mitigation Revenue - Tribe	1,530,404		1,530,404
Miscellaneous Revenues	337,325		337,325
Auxiliary Transportation	586,734		586,734
State Grants	95,499		95,499
Interest Revenue	53,283	(2,178)	51,105
Pass-through to Other Governments	(24,200)		(24,200)
Loss on Disposal of Capital Assets	(15,389)		(15,389)
TOTAL NONOPERATING REVENUES (EXPENSES)	9,839,278	1,469,748	11,309,026
NET (LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,598,032)	(34,396)	(1,632,428)
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>			
Federal Transit Administration Grant	1,059,326		1,059,326
State Proposition 1B Grant	2,770,262		2,770,262
Local Transportation Fund, State Transit Assistance and Other Capital Contributions	126,982	27,299	154,281
Transfers In (Out)	(50,069)	50,069	
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	3,906,501	77,368	3,983,869
CHANGE IN NET POSITION	2,308,469	42,972	2,351,441
Net Position at Beginning of Year	24,253,277	1,230,987	25,484,264
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 26,561,746</b>	<b>\$ 1,273,959</b>	<b>\$ 27,835,705</b>

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF CASH FLOWS

For the Year Ended June 30, 2018

	Fixed Route Service	ADA Paratransit Service	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Receipts From Customers	\$ 2,192,750	\$ 125,651	\$ 2,318,401
Cash Paid to Suppliers for Goods and Services	(10,282,220)	(1,497,096)	(11,779,316)
Cash Paid to Employees for Services	(1,418,067)		(1,418,067)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(9,507,537)</u>	<u>(1,371,445)</u>	<u>(10,878,982)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating Grants and Subsidies	9,269,558	1,416,747	10,686,305
Pass-through Payments	(649,770)		(649,770)
Other Income	945,772		945,772
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>9,565,560</u>	<u>1,416,747</u>	<u>10,982,307</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Contributions Received	4,487,667	65,174	4,552,841
Acquisition of Capital Assets	(4,571,893)	(12,251)	(4,584,144)
Proceeds From Sale of Capital Assets	14,759	7,161	21,920
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(69,467)</u>	<u>60,084</u>	<u>(9,383)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received on Pooled Investments	118,874	(463)	118,411
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>118,874</u>	<u>(463)</u>	<u>118,411</u>
DECREASE IN CASH AND CASH EQUIVALENTS	107,430	104,923	212,353
Cash and Cash Equivalents at Beginning of Year	<u>9,379,370</u>	<u>24,582</u>	<u>9,403,952</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 9,486,800</u>	<u>\$ 129,505</u>	<u>\$ 9,616,305</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET</b>			
Cash and Cash Equivalents	\$ 7,736,197	104,594	\$ 7,840,791
Restricted Cash and Cash Equivalents	1,750,603	\$ 24,911	1,775,514
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 9,486,800</u>	<u>\$ 129,505</u>	<u>\$ 9,616,305</u>
<b>RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:</b>			
Net Loss From Operations	\$ (12,103,351)	\$ (1,554,458)	\$ (13,657,809)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:			
Depreciation	2,518,391	168,523	2,686,914
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:			
Accounts Receivable and Due from Other Governments	(90,831)	10,636	(80,195)
Net Pension Liability and Related Deferred Outflows/Inflows	(41,120)		(41,120)
Accounts Payable and Due to Other Governments	146,135	3,854	149,989
Accrued Wages	(3,362)		(3,362)
Accrued Compensated Absences	10,832		10,832
Other Postemployment Benefits	55,769		55,769
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (9,507,537)</u>	<u>\$ (1,371,445)</u>	<u>\$ (10,878,982)</u>

## YOLO COUNTY TRANSPORTATION DISTRICT

## COMBINING SCHEDULE OF CASH FLOWS

For the Year Ended June 30, 2017

	Fixed Route Service	ADA Paratransit Service	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Receipts From Customers	\$ 2,332,783	\$ 126,548	\$ 2,459,331
Cash Paid to Suppliers for Goods and Services	(9,183,105)	(1,353,663)	(10,536,768)
Cash Paid to Employees for Services	(1,329,195)		(1,329,195)
NET CASH USED FOR OPERATING ACTIVITIES	(8,179,517)	(1,227,115)	(9,406,632)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating Grants and Subsidies	8,664,753	1,308,779	9,973,532
Nonoperating Expenses Paid	(24,200)		(24,200)
Pass-through Payments			
Other Income	924,059		924,059
Internal Receipts (Payments)	51,782	(51,782)	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	9,616,394	1,256,997	10,873,391
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Contributions Received	5,206,290	(153)	5,206,137
Acquisition of Capital Assets	(5,153,552)	(27,299)	(5,180,851)
Proceeds from sale of capital assets	7,110		7,110
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	59,848	(27,452)	32,396
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received on Pooled Investments	53,283	(2,178)	51,105
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	53,283	(2,178)	51,105
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,550,008	252	1,550,260
Cash and Cash Equivalents at Beginning of Year	7,829,362	24,330	7,853,692
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 9,379,370	\$ 24,582	\$ 9,403,952
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET</b>			
Cash and Cash Equivalents	\$ 7,828,096		\$ 7,828,096
Restricted Cash and Cash Equivalents	1,551,274	\$ 24,582	1,575,856
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 9,379,370	\$ 24,582	\$ 9,403,952
<b>RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:</b>			
Net Loss From Operations	\$ (11,437,310)	\$ (1,504,144)	\$ (12,941,454)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:			
Depreciation	2,385,158	163,064	2,548,222
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:			
Accounts Receivable and Due from Other Governments	(5,553)	(5,657)	(11,210)
Net Pension Liability and Related Deferred Outflows/Inflows	20,246		20,246
Accounts Payable and Due to Other Governments	827,196	119,622	946,818
Accrued Wages	(38,201)		(38,201)
Unearned Revenue			
Other Post-Employment Benefits	53,992		53,992
Accrued Compensated Absences	14,955		14,955
NET CASH USED FOR OPERATING ACTIVITIES	\$ (8,179,517)	\$ (1,227,115)	\$ (9,406,632)

## 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 OTHER STATE PROGRAM GUIDELINES

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Yolo County Transportation District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 21, 2019.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters (including Other State Grant Programs)**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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

To the Board of Directors  
Yolo County Transportation District

regulations of the TDA and Section 6667 of the California Code of Regulations. We also tested the receipt and appropriate expenditures of other state grant funds, as presented in Note J to the financial statements, in accordance with other state grant program 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 other state grant program requirements.

**Purpose of this Report**

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

*Richardson & Company, LLP*

March 21, 2019



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

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

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

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

We have audited the Yolo County Transportation District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for year ended June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2018.

To the Board of Directors  
Yolo County Transportation District

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

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

*Richardson & Company, LLP*

March 21, 2019

YOLO COUNTY TRANSPORTATION DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

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

Financial Statements

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

Federal Awards

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

4. Identification of major programs:

CFDA Number

20.507

Name of Federal Program

Federal Transit Formula Grants (Urbanized Area Formula Program), Section 5307

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

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

For the Year Ended June 30, 2018

**B. CURRENT YEAR FINDINGS – FINANCIAL STATEMENT AUDIT**

None

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

None

**D. PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT**

None

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

None

YOLO COUNTY TRANSPORTATION DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Program or Award Amount	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation, Federal Transit Administration -					
Direct Award					
Federal Transit-Formula Grants, Section 5307	20.507	CA-90-Z253-00	\$ 1,916,535	\$ 621,570	\$ 621,570
Federal Transit-Formula Grants, Section 5307	20.507	CA-2017-143-00	3,518,096	989,181	
Federal Transit-Formula Grants, Section 5307	20.507	CA-2017-155-00	3,500,000	3,500,000	
Federal Transit-Formula Grants, Section 5307	20.507	CA-2017-101-00	700,000	579,270	
			9,634,631	5,690,021	621,570
U.S. Department of Transportation, Federal Transit Administration					
Passed through the California Department of Transportation,					
Division of Mass Transportation					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	64A016-00199	300,000	29,551	
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	64A016-00082	300,000	54,281	
			600,000	83,832	
U.S. Department of Transportation, Federal Transit Administration					
Passed through the California Department of Transportation,					
Division of Mass Transportation					
Formula Grants for Rural Areas, Section 5311	20.509	64BO17-00520	132,191	132,191	
Total passed through the California Department of Transportation, Division of Mass Transportation			732,191	216,023	
TOTAL FEDERAL AWARDS			\$ 10,366,822	\$ 5,906,044	\$ 621,570

See accompanying notes to schedule of expenditures of federal awards.

YOLO COUNTY TRANSPORTATION DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Yolo County Transportation District (the District) under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the District's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST ALLOCATION PLAN

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

NOTE D – SUBRECIPIENT

During the year ended June 30, 2018, the District passed-through \$621,570 under CFDA 20.507, Federal Transit – Formula Grants, from the U.S. Department of Transportation, Federal Transit Administration grant number CA-90-Z253-00 to the Sacramento Area Council of Governments for the Connect Card program.