

**YOLO COUNTY TRANSPORTATION DISTRICT**

Independent Auditor's Reports, Financial  
Statements, and Supplemental Information

For the Fiscal Year Ended June 30, 2009

**YOLO COUNTY TRANSPORTATION DISTRICT**

For the Fiscal Year Ended June 30, 2009

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SAN DIEGO

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

To the Board of Directors  
Sacramento Area Council of Governments  
Sacramento, California

### Independent Auditor's Report

We have audited the accompanying financial statements of the Yolo County Transportation District (District) as of and for the fiscal year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the District's 2008 financial statements and the report of other auditors dated December 31, 2008, expressed unqualified an opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the results of its operations and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Transportation Development Act and should be considered in assessing the results of our audit.

The financial statements include summarized prior year comparative information. Such prior year information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2008, from which such summarized information was derived.

The District has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Macias Gini & O'Connell LLP*

Certified Public Accountants

Sacramento, California  
February 25, 2010

## YOLO COUNTY TRANSPORTATION DISTRICT

### Statement of Net Assets June 30, 2009

	Fixed Route Service	Paratransit Service	Total	
			2009	2008
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and investments	\$ 4,382,784	\$ 503,255	\$ 4,886,039	\$ 3,774,166
Accounts receivable	607,447	7,196	614,643	361,239
Due from other agencies	1,922,452	237,562	2,160,014	4,179,900
<b>Total Current Assets</b>	<b>6,912,683</b>	<b>748,013</b>	<b>7,660,696</b>	<b>8,315,305</b>
Restricted Cash and Investments	3,046,327	55,867	3,102,194	2,784,024
<b>Capital Assets:</b>				
Nondepreciable	465,273	-	465,273	1,159,657
Depreciable, net	12,606,329	448,195	13,054,524	13,865,654
<b>Total assets</b>	<b>23,030,612</b>	<b>1,252,075</b>	<b>24,282,687</b>	<b>26,124,640</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts payable	549,389	73,780	623,169	1,782,155
Due to other agencies	90,995	440	91,435	950,210
Accrued wages	25,426	-	25,426	21,465
Compensated absences	52,187	-	52,187	48,571
Unearned revenue	90,000	-	90,000	90,000
<b>Total Liabilities</b>	<b>807,997</b>	<b>74,220</b>	<b>882,217</b>	<b>2,892,401</b>
<b>Net assets</b>				
Invested in capital assets	13,071,602	448,195	13,519,797	15,025,311
Restricted for equipment replacement	1,721,841	55,867	1,777,708	1,443,437
Restricted for capital purposes	1,324,486	-	1,324,486	1,340,587
Unrestricted	6,104,686	673,793	6,778,479	5,422,904
<b>Total net assets</b>	<b>\$22,222,615</b>	<b>\$ 1,177,855</b>	<b>\$23,400,470</b>	<b>\$23,232,239</b>

See accompanying notes to the financial statements.

## YOLO COUNTY TRANSPORTATION DISTRICT

### Statement of Revenues, Expenses, and Changes in Fund Net Assets For the Fiscal Year Ended June 30, 2009

	Fixed Route Service	Paratransit Service	Total	
			2009	2008
<b>Operating Revenues</b>				
Passenger fares	\$ 2,308,614	\$ 35,570	\$ 2,344,184	\$ 1,967,677
Special fares	42,037	11,350	53,387	60,499
Total operating revenues	<u>2,350,651</u>	<u>46,920</u>	<u>2,397,571</u>	<u>2,028,176</u>
<b>Operating Expenses</b>				
Purchased transportation	5,906,786	880,348	6,787,134	5,913,053
Salaries and benefits	1,018,346	-	1,018,346	890,671
Insurance	441,127	62,388	503,515	365,682
Vehicle fuel	903,146	90,609	993,755	1,053,673
Other services and supplies	823,913	2,676	826,589	672,291
Depreciation	1,896,908	113,911	2,010,819	1,618,647
Total operating expenses	<u>10,990,226</u>	<u>1,149,932</u>	<u>12,140,158</u>	<u>10,514,017</u>
<b>Operating loss</b>	<u>(8,639,575)</u>	<u>(1,103,012)</u>	<u>(9,742,587)</u>	<u>(8,485,841)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Local transportation fund and state transit assistance allocations	4,755,406	672,156	5,427,562	4,945,539
Federal Transit Administration grants	1,353,958	272,688	1,626,646	1,609,099
State grants	1,072,227	-	1,072,227	1,649,827
Auxiliary transportation	53,698	-	53,698	87,200
Interest revenue	246,273	29,626	275,899	279,122
Miscellaneous revenues	1,594,339	14,393	1,608,732	1,084,810
Pass-through to other agencies	(899,384)	-	(899,384)	(1,940,103)
Loss on disposal of capital assets	(9,433)	-	(9,433)	(12,000)
Total nonoperating revenues (expenses)	<u>8,167,084</u>	<u>988,863</u>	<u>9,155,947</u>	<u>7,703,494</u>
Loss before capital contributions	<u>(472,491)</u>	<u>(114,149)</u>	<u>(586,640)</u>	<u>(782,347)</u>
<b>Capital Contributions</b>				
Local transportation fund and state transit assistance allocations	348,112	68,584	416,696	205,753
Federal Transit Administration grants	338,175	-	338,175	6,761,595
Total capital contributions	<u>686,287</u>	<u>68,584</u>	<u>754,871</u>	<u>6,967,348</u>
Change in net assets	213,796	(45,565)	168,231	6,185,001
Net assets - beginning of year	<u>22,008,819</u>	<u>1,223,420</u>	<u>23,232,239</u>	<u>17,047,238</u>
Net assets - end of year	<u>\$22,222,615</u>	<u>\$ 1,177,855</u>	<u>\$23,400,470</u>	<u>\$23,232,239</u>

See accompanying notes to the financial statements.

## YOLO COUNTY TRANSPORTATION DISTRICT

### Statement of Cash Flows For the Fiscal Year Ended June 30, 2009

	Fixed Route	Paratransit	Total	
	Service	Service	2009	2008
<b>Cash flows from operating activities:</b>				
Cash receipts from customers	\$ 2,155,502	\$ 42,363	\$ 2,197,865	\$ 1,711,903
Cash paid to suppliers for goods or services	(10,896,781)	(1,131,357)	(12,028,138)	(8,074,069)
Cash paid to employees for services	(1,010,769)	-	(1,010,769)	(896,927)
Net cash used in operating activities	<u>(9,752,048)</u>	<u>(1,088,994)</u>	<u>(10,841,042)</u>	<u>(7,259,093)</u>
<b>Cash flows from noncapital financing activities:</b>				
Operating grants and subsidies	<u>10,765,267</u>	<u>730,523</u>	<u>11,495,790</u>	<u>10,033,891</u>
Net cash provided by noncapital financing activities	<u>10,765,267</u>	<u>730,523</u>	<u>11,495,790</u>	<u>10,033,891</u>
<b>Cash flows from capital and related financing activities:</b>				
Grants and fees received for capital acquisition	648,003	366,131	1,014,134	6,157,109
Acquisition of capital assets	<u>(374,589)</u>	<u>(140,149)</u>	<u>(514,738)</u>	<u>(6,353,214)</u>
Net cash provided by (used in) capital and related financing activities	<u>273,414</u>	<u>225,982</u>	<u>499,396</u>	<u>(196,105)</u>
<b>Cash flows from investing activities:</b>				
Interest received on pooled investments	<u>246,273</u>	<u>29,626</u>	<u>275,899</u>	<u>279,122</u>
Net cash provided by investing activities	<u>246,273</u>	<u>29,626</u>	<u>275,899</u>	<u>279,122</u>
Net increase (decrease) in cash and cash equivalents	1,532,906	(102,863)	1,430,043	2,857,815
Cash and cash equivalents - beginning of year	<u>5,896,205</u>	<u>661,985</u>	<u>6,558,190</u>	<u>3,700,375</u>
Cash and cash equivalents - end of year	<u>\$ 7,429,111</u>	<u>\$ 559,122</u>	<u>\$ 7,988,233</u>	<u>\$ 6,558,190</u>

See accompanying notes to the financial statements.

**YOLO COUNTY TRANSPORTATION DISTRICT**

Statement of Cash Flows (Continued)  
For the Fiscal Year Ended June 30, 2009

	Fixed Route Service	Paratransit Service	Total	
			<u>2009</u>	<u>2008</u>
<b>Reconciliation of operating loss to net cash used in operating activities</b>				
Operating loss	\$ (8,639,575)	\$ (1,103,012)	\$ (9,742,587)	\$ (8,485,841)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation expense	1,896,908	113,911	2,010,819	1,618,647
Payments to other agencies	(899,384)	-	(899,384)	(1,940,103)
Auxiliary transportation	53,698	-	53,698	87,200
Change in assets and liabilities:				
Accounts receivable	(248,847)	(4,557)	(253,404)	(403,473)
Accounts payable	(1,076,957)	(82,029)	(1,158,986)	1,124,231
Due to other agencies	(845,468)	(13,307)	(858,775)	730,761
Accrued wages	3,961	-	3,961	5,352
Compensated absences	3,616	-	3,616	4,133
Net cash used in operating activities	<u>\$ (9,752,048)</u>	<u>\$ (1,088,994)</u>	<u>\$ (10,841,042)</u>	<u>\$ (7,259,093)</u>
<b>Reconciliation of cash and cash equivalents to the statement of net assets:</b>				
Cash and investments	\$ 4,382,784	\$ 503,255	\$ 4,886,039	\$ 3,774,166
Restricted cash and investments	<u>3,046,327</u>	<u>55,867</u>	<u>3,102,194</u>	<u>2,784,024</u>
Total cash and cash equivalents	<u>\$ 7,429,111</u>	<u>\$ 559,122</u>	<u>\$ 7,988,233</u>	<u>\$ 6,558,190</u>
<b>Noncash investing, capital, and financing activities:</b>				
Book value of disposed capital assets	\$ 9,433	\$ -	\$ 9,433	\$ 12,000

See accompanying notes to the financial statements.



# YOLO COUNTY TRANSPORTATION DISTRICT

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2009

## Note A – Summary of Significant Accounting Policies

The basic financial statements of the Yolo County Transportation 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. As allowed by the GASB, the District has elected not to apply to its proprietary activities Financial Accounting Standards Board Statement and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989. 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 an enterprise fund of the County. 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 the 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 Yolo County on August 1, 1989. Effective July 1, 1998, the District became the Yolo County Transportation District (District) as a result of the passage of Assembly Bill No. 2420, which established the District as the consolidated transportation services agency and the congestion management agency for Yolo County. The District's mission is to provide alternative transportation to transit dependent individuals and the general public responsive to the needs of jurisdictions in Yolo County, to review and recommend project nominations for Intermodal Surface Transportation Efficiency Act and other funding, and to monitor the Congestion Management Plan. In addition to fare revenues, the District receives funds under the provisions of the Transportation Development Act from the Yolo County Local Transportation Fund and the Sacramento County State Transit Assistance Fund. The District also receives revenue from Federal Transit Administration grants.

The primary service of the District is to provide Fixed Route Service through twenty-three fixed routes serving West Sacramento, Woodland, Davis, the Capay Valley, the Sacramento International Airport and downtown Sacramento, including local service in Woodland, Winters, and West Sacramento, and contributes to Unitrans, which provides bus service to U.C. Davis students and residents in Davis. The District also provides Paratransit Service for residents in Woodland, Davis, and West Sacramento to comply with the Americans with Disabilities Act. Transit services are provided under contract with Veolia Transportation, Incorporated, which is in effect through July 29, 2013, with the option to extend for up to five additional years.

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 assets, for the enterprise fund represents the net assets available for future operations.

# YOLO COUNTY TRANSPORTATION DISTRICT

Notes to the Financial Statements (Continued)  
For the Fiscal Year Ended June 30, 2009

## Note A – Summary of Significant Accounting Policies (Continued)

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

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

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 expenses are incurred in accordance with program guidelines. TDA revenues are recorded when all eligibility requirements have been met.

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

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

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

Capital Assets: All capital assets are valued at historical cost. Provision is made for depreciation by the straight-line method over the estimated useful lives of these assets, which range from three to twenty years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

It is the policy of the District to capitalize all items with a cost of \$5,000 or more and a useful life in excess of 1 year.

## YOLO COUNTY TRANSPORTATION DISTRICT

Notes to the Financial Statements (Continued)  
For the Fiscal Year Ended June 30, 2009

### Note A – Summary of Significant Accounting Policies (Continued)

**Restricted Net Assets:** Restrictions of net assets show amounts that are legally restricted for specific uses. The amounts restricted for equipment replacement represent TDA revenues collected for equipment replacement that are considered restricted in accordance with TDA requirements since amounts are billed in advance of expenses being incurred. These restricted net assets are expendable.

**Compensated Absences:** The District's policy allows employees to accumulate earned, but unused vacation, and compensating time off, which will be paid to employees upon separation from the District's service, subject to a vesting policy. The cost of vacation and compensating time off is recorded in the period earned.

**Comparative Data:** Comparative totals for the prior year have been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

### Note B – Cash and Investments

At June 30, 2009, the District's cash and investments are classified in the accompanying financial statements as follows:

	Fixed Route Service	Paratransit Service
Cash and investments	\$ 4,382,784	\$ 503,255
Restricted cash and investments	3,046,327	55,867
Total cash and investments	\$ 7,429,111	\$ 559,122

Cash and investments as of June 30, 2009 consisted of the following:

	Fixed Route Service	Paratransit Service
Cash on hand	\$ 400	\$ -
Deposits with financial institutions	65,619	2,161
Investment in Yolo County Pooled Investment Fund	7,363,092	556,961
Total cash and investments	\$ 7,429,111	\$ 559,122

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

**YOLO COUNTY TRANSPORTATION DISTRICT**

Notes to the Financial Statements (Continued)  
For the Fiscal Year Ended June 30, 2009

**Note B – Cash and Investments (Continued)**

At June 30, 2009, the carrying amount of the District’s deposits was \$67,780 and the balance in financial institutions was \$64,333. The entire balance in financial institutions was covered by federal depository insurance, which increased to \$250,000 effective October 31, 2008.

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

**Note C – Restricted Cash and Investments**

Restricted cash and investments as of June 30, 2009 consisted of the following:

	<u>Fixed Route Service</u>	<u>Paratransit Service</u>
Capital reserves	\$ 2,701,267	\$ 55,867
PTMISEA	169,565	-
Governor’s Office of Homeland Security	<u>175,495</u>	<u>-</u>
Total restricted cash and investments	<u>\$ 3,046,327</u>	<u>\$ 55,867</u>

Capital Reserves: For the fiscal year ended June 30, 2009, the Fixed Route Services and the Paratransit Service have accumulated \$2,701,267 and \$55,867, respectively, from its member agencies designated for equipment replacement and capital purposes.

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

During the fiscal year ended June 30, 2008, the District applied for and received proceeds of \$164,224 for the rehabilitation of existing vehicles. As of June 30, 2009, no qualifying expenses were incurred and the entire proceeds of \$169,565 including accrued interest were restricted. 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.

**YOLO COUNTY TRANSPORTATION DISTRICT**

Notes to the Financial Statements (Continued)  
For the Fiscal Year Ended June 30, 2009

**Note C – Restricted Cash and Investments (Continued)**

Governor’s Office of Homeland Security: As approved by the voters in the November 2006 general elections, Proposition 1B enacts the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 to authorize \$19.925 billion of state general obligation bonds for specified purposes, including high-priority transportation corridor improvements, State Route 99 corridor enhancements, trade infrastructure and port security projects, school bus retrofit and replacement purposes, state transportation improvement program augmentation, transit and passenger rail improvements, state-local partnership transportation projects, transit security projects, local bridge seismic retrofit projects, highway-railroad grade separation and crossing improvement projects, state highway safety and rehabilitation projects, and local street and road improvement, congestion relief, and traffic safety. The Governor’s Office of Homeland Security has been charged with administering the following Prop 1B bonds, Port, Harbor, and Ferry Terminal Security Account (\$100 million in funding), and Transit System Safety, Security & Disaster Response Account (\$1 billion in funding).

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

During the fiscal year ended June 30, 2009, the District applied for and received proceeds of \$170,126 for the retrofit of buses with new surveillance systems. As of June 30, 2009, no qualifying expenses were incurred and the entire proceeds of \$175,495 including accrued interest were restricted. 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.

**Note D – Due From Other Agencies**

Due from other agencies as of June 30, 2009 consisted of the following:

	<u>Fixed Route Service</u>	<u>Paratransit Service</u>
Transportation Development Act:		
State Transit Assistance Fund		
Fiscal Year 2008/2009	\$ 67,986	\$ -
Federal Transit Administration Grants	949,107	220,000
California Department of Transportation	402,654	17,562
Other	<u>502,705</u>	<u>-</u>
 Total due from other agencies	 <u>\$ 1,922,452</u>	 <u>\$ 237,562</u>

**YOLO COUNTY TRANSPORTATION DISTRICT**

Notes to the Financial Statements (Continued)  
For the Fiscal Year Ended June 30, 2009

**Note E – Capital Assets**

Capital asset activity consisted of the following for the fiscal year ended June 30, 2009:

<u>Fixed Route Service</u>	<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Capital assets, not being depreciated:				
Land	\$ 465,000	\$ -	\$ -	\$ 465,000
Construction in progress	694,657	273	(694,657)	273
Capital assets not being depreciated	<u>1,159,657</u>	<u>273</u>	<u>(694,657)</u>	<u>465,273</u>
Capital assets, being depreciated				
Equipment and transit vehicles	19,746,796	908,565	(30,232)	20,625,129
Buildings and improvements	4,092,348	160,408	-	4,252,756
Capital assets being depreciated	<u>23,839,144</u>	<u>1,068,973</u>	<u>(30,232)</u>	<u>24,877,885</u>
Less accumulated depreciation:				
Equipment and transit vehicles	(8,968,398)	(1,642,469)	20,799	(10,590,068)
Buildings and improvements	(1,427,049)	(254,439)	-	(1,681,488)
Total accumulated depreciation	<u>(10,395,447)</u>	<u>(1,896,908)</u>	<u>20,799</u>	<u>(12,271,556)</u>
Capital assets being depreciated, net	<u>13,443,697</u>	<u>(827,935)</u>	<u>(9,433)</u>	<u>12,606,329</u>
Capital assets, net	<u>\$ 14,603,354</u>	<u>\$ (827,662)</u>	<u>\$ (704,090)</u>	<u>\$ 13,071,602</u>
<u>Paratransit Service</u>	<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Capital assets, being depreciated				
Equipment and transit vehicles	\$ 641,775	\$ 140,149	\$ (134,053)	\$ 647,871
Capital assets being depreciated	<u>641,775</u>	<u>140,149</u>	<u>(134,053)</u>	<u>647,871</u>
Less accumulated depreciation:				
Equipment and transit vehicles	(219,818)	(113,911)	134,053	(199,676)
Total accumulated depreciation	<u>(219,818)</u>	<u>(113,911)</u>	<u>134,053</u>	<u>(199,676)</u>
Capital assets being depreciated, net	<u>421,957</u>	<u>26,238</u>	<u>-</u>	<u>448,195</u>
Capital assets, net	<u>\$ 15,025,311</u>	<u>\$ (801,424)</u>	<u>\$ (704,090)</u>	<u>\$ 13,519,797</u>

## YOLO COUNTY TRANSPORTATION DISTRICT

Notes to the Financial Statements (Continued)  
For the Fiscal Year Ended June 30, 2009

### **Note K – Commitments and Contingencies (Continued)**

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

### **Note L – Related Party Transactions**

The County of Yolo provides certain accounting and other professional services to the District. Legal services are billed separately and at amounts that approximately recover the County's full cost of providing such services. Other administrative services rendered by the County are recovered through an A-87 indirect cost charge. Expenses for services provided by the County totaled \$52,516 for the year ended June 30, 2009.

### **Note M – Future Implementation of New Accounting Pronouncements**

In June of 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the District for the year ending June 30, 2010. This statement establishes standards for the measurement, recognition, and display of other postemployment benefit expenses, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The District is in the process of evaluating the impact of this statement on its future financial statements.

# YOLO COUNTY TRANSPORTATION DISTRICT

## Note to the Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2009

### **Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grants activity of Yolo County Transportation District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.





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 Certified Public Accountants & Management Consultants

WALNUT CREEK

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

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

To the Board of Directors  
 Sacramento Area Council of Governments  
 Sacramento, California

**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* and the Transportation Development Act**

We have audited the financial statements of the Yolo County Transportation District (District) as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated February 25, 2010. Our report includes an explanatory paragraph describing that the financial statements do not include management's discussion and analysis as required by accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Transportation Development Act.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of the District's 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 to and received by the Authority were expended in conformance with applicable statutes, rules and regulations of the TDA and the allocation instructions and resolutions of the Sacramento Area Council of Governments as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations. 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* and the Transportation Development Act.

This report is intended solely for the information and use of the respective Boards of Directors of the Yolo County Transportation District and the Sacramento Area Council of Governments and management and is not intended to be and should not be used by anyone other than these specified parties.

*Macias Gini & O'Connell LLP*

Certified Public Accountants

Sacramento, California  
February 25, 2010

**YOLO COUNTY TRANSPORTATION DISTRICT**

Status of Prior Year Findings  
For the Fiscal Year Ended June 30, 2009

No Prior Year Findings.