YOLO COUNTY TRANSPORTATION DISTRICT

Audited Financial Statements
and Compliance Report

June 30, 2012

YOLO COUNTY TRANSPORTATION DISTRICT

Audited Financial Statements
and Compliance Reports

June 30, 2012

Audited Financial Statements

Compliance Reports

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Yolo County Transportation District (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements 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.

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 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2012 and the changes in financial position and cash flows for the year then ended in conformity 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, the Transportation Development Act and PTMISEA Guidelines. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The District has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements 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 financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial

To the Board of Directors
Yolo County Transportation District

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

Richardson & Company

December 21, 2012

YOLO COUNTY TRANSPORTATION DISTRICT
COMBINING BALANCE SHEET
June 30, 2012
(With Prior Year Data for Comparative Purposes Only)

	Fixed Route Service	ADA Paratransit Service	Total 2012	Total (Comparative Purposes Only) 2011
ASSETS				
CURRENT ASSETS				
Cash and Investments	$ 6,112,650	$ 291,365	$ 6,404,015	$ 6,817,535
Due from other Agencies	2,412,048	280,202	2,692,250	1,930,121
Accounts Receivable	415,966		415,966	591,888
TOTAL CURRENT ASSETS	8,940,664	571,567	9,512,231	9,339,544
RESTRICTED CASH AND INVESTMENTS				
Capital Reserves	1,584,683	57,282	1,641,965	1,632,132
PTMISEA	21		21	143,815
Governor's Office of Homeland Security	540,319		540,319	258,284
TOTAL RESTRICTED ASSETS	2,125,023	57,282	2,182,305	2,034,231
CAPITAL ASSETS				
Nondepreciable	5,917,009		5,917,009	1,051,756
Depreciable, net	13,943,177	194,439	14,137,616	13,569,393
Net Capital Assets	19,860,186	194,439	20,054,625	14,621,149
TOTAL ASSETS	$ 30,925,873	$ 823,288	$ 31,749,161	$ 25,994,924
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	$ 1,052,805	$ 84,985	$ 1,137,790	$ 759,698
Accrued Wages	33,927		33,927	33,198
Due to other Government Agencies	108,757	8,667	117,424	50,932
Deferred Revenue				90,000
Other Post-Employment Benefits	58,383		58,383	68,000
Accrued Compensated Absences	79,098		79,098	68,039
TOTAL CURRENT LIABILITIES	1,332,970	93,652	1,426,622	1,069,867
NET ASSETS				
Invested in Capital Assets	19,860,186	194,439	20,054,625	14,621,149
Restricted for Equipment Replacement	2,125,023	57,282	2,182,305	2,034,231
Restricted for Capital Purposes	616,195		616,195	1,185,223
Unrestricted	6,991,499	477,915	7,469,414	7,084,454
TOTAL NET ASSETS	29,592,903	729,636	30,322,539	24,925,057
TOTAL LIABILITIES AND FUND EQUITY	$ 30,925,873	$ 823,288	$ 31,749,161	$ 25,994,924

The accompanying notes are an integral part of these financial statements

YOLO COUNTY TRANSPORTATION DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the Year Ended June 30, 2012
(With Prior Year Data for Comparative Purposes Only)

	Fixed Route Service	ADA Paratransit Service	Total 2012	Total (Comparative Purposes Only) 2011
OPERATING REVENUE				
Passenger Fares	$ 2,484,546	$ 43,951	$ 2,528,497	$ 2,414,677
Special Fares	25,450	21,032	46,482	53,588
TOTAL OPERATING REVENUE	2,509,996	64,983	2,574,979	2,468,265
OPERATING EXPENSES				
Purchased Transportation	6,286,326	888,905	7,175,231	6,911,482
Salaries & Benefits	1,113,390		1,113,390	1,178,111
Insurance	364,277	44,484	408,761	464,092
Vehicle Fuel	898,159	117,149	1,015,308	998,994
Other services & Supplies	1,085,036		1,085,036	554,463
Depreciation	2,556,510	111,961	2,668,471	2,327,382
TOTAL OPERATING EXPENSES	12,303,698	1,162,499	13,466,197	12,434,524
NET LOSS FROM OPERATIONS	(9,793,702)	(1,097,516)	(10,891,218)	(9,966,259)
NONOPERATING REVENUES (EXPENSES)				
Local Transportation Fund and State Transit Assistance Allocation	4,342,840	544,910	4,887,750	4,852,359
Federal Transit Administration grants:				
Operating Grants	1,810,899	298,028	2,108,927	1,258,951
West Sacramento Transit Center				890,387
State Grants				74,787
Mitigation Revenue	1,208,114		1,208,114	1,169,984
Miscellaneous Revenues	291,426	6	291,432	350,478
Auxiliary Transportation	70,202		70,202	26,034
Interest Revenue	50,550	1,024	51,574	66,054
Pass-through to Other Agencies	(20,000)		(20,000)	(957,923)
Loss on Disposal of Capital Assets	(1,700)		(1,700)	(6,250)
TOTAL NONOPERATING REVENUES (EXPENSES)	7,752,331	843,968	8,596,299	7,724,861
NET (LOSS) INCOME BEFORE CAPITAL CONTRIBUTUION	(2,041,371)	(253,548)	(2,294,919)	(2,241,398)
CAPITAL CONTRIBUTION AND TRANSFERS				
Local Transportation Fund, State Transit Assistance Allocation and Other Capital Revenue	4,209,125		4,209,125	229,946
Federal Transit Administration Grant	3,483,276		3,483,276	1,416,449
Transfers In (Out)	(250,000)	250,000		
TOTAL CAPITAL CONTRIBUTION AND TRANSFERS	7,442,401	250,000	7,692,401	1,646,395
CHANGES IN NET ASSETS	5,401,030	(3,548)	5,397,482	(595,003)
Net Assets at Beginning of Year	24,191,873	733,184	24,925,057	25,520,060
NET ASSETS AT END OF YEAR	$ 29,592,903	$ 729,636	$ 30,322,539	$ 24,925,057

The accompanying notes are an integral part of these financial statements

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

(With Prior Year Data for Comparative Purposes Only)

	Fixed Route Service	ADA Paratransit Service	Total 2012	Total (Comparative Purposes Only) 2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts From Customers	$ 2,567,826	$ 64,983	$ 2,632,809	$ 3,921,042
Cash Paid to Suppliers for Goods and Services	(8,200,497)	(1,039,248)	(9,239,745)	(9,632,958)
Cash Paid to Employees for Services	(1,111,219)		(1,111,219)	(1,242,857)
NET CASH USED FOR OPERATING ACTIVITIES	(6,743,890)	(974,265)	(7,718,155)	(6,954,773)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants and Subsidies	6,897,677	1,053,984	7,951,661	7,371,084
Pass-through Payments and Transfers	(270,000)		(270,000)	(957,923)
Other Income	361,628		361,628	376,512
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	6,989,305	1,053,984	8,043,289	6,789,673
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grants Received for Capital Acquisition	7,391,030	70,463	7,461,493	1,365,375
Acquisition of Capital Assets	(8,103,947)		(8,103,947)	(1,261,131)
Proceeds from Disposal of Capital Asset	300		300	6,000
NET CASH (USED) PROVIDED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(712,617)	70,463	(642,154)	110,244
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received on Pooled Investments	50,550	1,024	51,574	66,054
NET CASH PROVIDED BY INVESTING ACTIVITIES	50,550	1,024	51,574	66,054
(DECREASE) INCREASE IN CASH	(416,652)	151,206	(265,446)	11,198
Cash and Cash Equivalents at Beginning of Year	8,654,325	197,441	8,851,766	8,840,568
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 8,237,673	$ 348,647	$ 8,586,320	$ 8,851,766
RECONCILIATION OF CASH AND CASH EUIVALENTS TO THE COMBINING BALANCE SHEET				
Cash and Cash Equivalents	$ 6,112,650	$ 291,365	$ 6,404,015	$ 6,817,535
Restricted Cash and Cash Equivalents	2,125,023	57,282	2,182,305	2,034,231
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 8,237,673	$ 348,647	$ 8,586,320	$ 8,851,766
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:				
Net Loss From Operations	$ (9,793,702)	$ (1,097,516)	$ (10,891,218)	$ (9,966,259)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:				
Depreciation	2,556,510	111,961	2,668,471	2,327,382
Payments to Other Agencies				
Changes in Operating Assets and Liabilities:				
Accounts Receivable and Due from Other Agencies	57,830		57,830	1,452,777
Accounts Payable and Due to Other Agencies	433,301	11,290	444,591	(703,927)
Accrued Wages	729		729	(1,619)
Other Post-employment Benefits	(9,617)		(9,617)	(75,000)
Compensated Absences	11,059		11,059	11,873
NET CASH USED FOR OPERATING ACTIVITIES	$ (6,743,890)	$ (974,265)	$ (7,718,155)	$ (6,954,773)

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

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net Assets are segregated into amounts invested in capital assets, net of related debt, 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 expenditures are incurred in accordance with program guidelines. TDA revenues are recorded when all eligibility requirements have been met.

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

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

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

New Pronouncements:

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement incorporates into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and interpretations; Accounting Principles Board Opinions; and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB Pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The provisions of this Statement are effective for periods beginning after December 15, 2011.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows and inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net assets reporting requirements of Statement No. 34 and other pronouncements by incorporating deferred inflows and outflows into the definitions of the required components of residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement are effective for periods beginning after December 15, 2011.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement reclassifies deferred amounts upon refunding of debt as deferred inflows or outflows and requires debt issuance costs to be expensed as incurred. This Statement also changes the recognition requirements of certain imposed and government-mandated nonexchange revenues, sales and intra-entity transfers of future revenues, initial direct costs of leases, acquisition costs related to insurance activities, loan origination fees and costs, loan commitment fees, fees paid to purchase a loan or group of loans, fees relating to loans held for sale and transactions resulting from the

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

effects of regulation on customer rates. This Statement limits the use of the term "deferred" to the items reported as deferred inflows and outflows of resources. The provisions of this Statement are effective for periods beginning after December 15, 2012.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections–2012-an amendment of GASB Statements No. 10 and No. 62*. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type and instead requires the use of the requirements of Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Statement 34. This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for operating lease payments that vary from a straight-line basis, the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans and service fees related to mortgage loans. The provisions of this Statement are effective for periods beginning after December 15, 2012.

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

The District is currently considering the effect of these new pronouncements.

Comparative Data: The financial statements include certain prior-year summarized comparative information in total but not by individual fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted account principles. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2011 from which the summarized information was derived.

NOTE B – CASH AND INVESTMENTS

At June 30, 2012, the District's cash and investments are classified in the accompanying financial statements as follows:

	Fixed Route Service	ADA Paratransit Service
Cash and investments	$ 6,112,650	$ 291,365
Restricted cash	2,125,023	57,282
Total cash and investments	$ 8,237,673	$ 348,647

Cash and investments as of June 30, 2012 consisted of the following:

	Fixed Route Service	ADA Paratransit Service
Cash on hand	$ 400	
Deposits with financial institutions	235,807	$ 8,410
Investment in Yolo County Pooled Investment Fund	8,001,466	340,237
Total cash and investments	$ 8,237,673	$ 348,647

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

NOTE B – CASH AND INVESTMENTS (Continued)

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

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

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

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

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

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

NOTE C – RESTRICTED CASH

Restricted cash and investments as of June 30, 2012 consisted of the following:

	Fixed Route Service	ADA Paratransit Service
Capital reserves	$ 1,584,683	$ 57,282
PTMISEA	21	
Governor's Office of Homeland Security	540,319	
Total restricted cash	$ 2,125,023	$ 57,282

Capital Reserves: For the fiscal year ended June 30, 2012, the Fixed Route Services and the ADA Paratransit Service have accumulated $1,584,683 and $57,282, 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 in 2009 received proceeds of $164,224 for the rehabilitation of existing vehicles. As of June 30, 2012, $144,406 of additional qualifying expenditures were incurred leaving proceeds of $21, including accrued interest, that was restricted. Qualifying expenditures must be encumbered within three years from the date of the allocation and expended within three years from the date of the encumbrance.

As of June 30, 2012, 2011, 2010 and 2009 funds received and expended were verified in the course of the audit as follows:

	2012	2011	2010	2009
Unexpended proceeds, beginning of year	$ 143,815	$ 171,560	$ 169,565	
PTMISEA received				$ 164,224
Interest earnings	612	1,259	1,995	5,341
Expenses incurred:	(144,406)	(29,004)		
Unexpended proceeds	$ 21	$ 143,815	$ 171,560	$ 169,565

NOTE C – RESTRICTED CASH (Continued)

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

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

The District applied for and received proceeds of $170,126 for the following projects: RouteMatch/AVL connection, emergency backup generator and solar lighting, during the year ended June 30, 2010. As of June 30, 2012, $35,486 of additional qualifying expenses were incurred for the solar lighting project.

During the year ended June 30, 2011 the District applied for and received proceeds of $161,070 for safety and security improvement projects at YCTD's facility and bus stops. As of June 30, 2012, $141,137 of qualifying expenses were incurred during the year for bus stop solar lighting installation and safety and security improvements at YCTD's facility.

During the year ended June 30, 2012 The District applied for and received proceeds of $456,790 for additional safety and security improvement projects at YCTD's facility and bus stops. As of June 30, 2012, qualifying expenses incurred for all projects are included in the table below.

The remaining proceeds of $540,319, 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. As of June 30, 2012 funds received and expended were verified in the course of the audit as follows:

	2012	2011	2010
Unexpended proceeds, beginning of year	$ 258,284	$ 171,336	
Governor's Office of Homeland Secuirty received	456,790	161,070	$ 170,126
Interest earnings	1,868	1,678	1,210
Expenses incurred: Solar lighting, bus stop improvements, and security improvements at facility	(176,623)	(75,800)	
Unexpended proceeds, end of year	$ 540,319	$ 258,284	$ 171,336

NOTE D – DUE FROM OTHER AGENCIES

The due from other agencies for Fixed Route Service and the ADA Paratransit Service consists of the following at June 30, 2012

	Fixed Route Service	ADA Paratransit Service
Transportation Development Act:		
State Transit Assistance Fund		
Fiscal Year 2011/2012	$ 201,715	
Federal Transit Administration Grants	703,317	$ 220,000
California Department of Transportation	303,152	
CalEMA	334,272	
PTMISEA	328,428	
Internal Revenue Service - fuel tax rebate	274,176	
Sacramento Regional Transit District	115,959	
SACOG - New Freedom grant		41,841
Other	151,029	18,361
Total due from other agencies	$ 2,412,048	$ 280,202

NOTE E – CAPITAL ASSETS

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

Fixed Route	Balance July 1, 2011	Additions	Transfers/ Adjustments	Retirements	Balance June 30, 2012
Capital assets, not being depreciated					
Land	$ 465,000				$ 465,000
Work in Progress	586,756	$ 4,884,123	$ (18,870)		5,452,009
Total capital assets, not being depreciated	1,051,756	4,884,123	(18,870)		5,917,009
Capital assets, being depreciated					
Equipment & Vehicles	24,035,260	3,219,824	18,870	$ (160,207)	27,113,747
Buildings	4,252,755				4,252,755
Total capital assets, being depreciated	28,288,015	3,219,824	18,870	(160,207)	31,366,502
Less accumulated depreciation for:					
Equipment & Transit Vehicles	(12,802,774)	(2,288,140)		158,207	(14,932,707)
Building and improvements	(2,222,248)	(268,370)			(2,490,618)
Total accumulated depreciation	(15,025,022)	(2,556,510)	-	158,207	(17,423,325)
Total capital assets being depreciated, net	13,262,993	663,314	18,870	(2,000)	13,943,177
Capital Assets, net	$14,314,749	$ 5,547,437	$ -	$ (2,000)	$19,860,186

ADA Paratransit Service	Balance July 1, 2011	Additions	Transfers/ Adjustments	Retirements	Balance June 30, 2012
Capital assets, being depreciated					
Equipment and transit vehicles	$ 743,964				$ 743,964
Total capital assets, being depreciated	743,964				743,964
Less accumulated depreciation for:					
Equipment and transit vehicles	(437,564)	$ (111,961)			(549,525)
Total accumulated depreciation	(437,564)	(111,961)			(549,525)
Capital asset, net	$ 306,400	$ (111,961)	$ -	$ -	$ 194,439
Combined capital assets, net	$14,621,149	$ 5,435,476	$ -	$ (2,000)	$20,054,625

NOTE F – LONG-TERM LIABIITIES

Long-term liability activity for the year ended June 30, 2012 consisted of the following:

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

NOTE G – FARE REVENUE RATIO

The District is required to maintain a fare revenue to operating expense ratio of 13.50% in accordance with the Transportation Development Act. The fare revenue to operating expenses ratio for the District is calculated as follows for the year ended June 30, 2012:

Fare revenues	$ 2,574,979
Operating expenses	$ 13,466,197
Less allowable exclusions:	
Depreciation	(2,668,471)
Net operating expenses	$ 10,797,726
Fare revenue ratio	23.85%

NOTE H – DEFINED BENEFIT PENSION PLAN

Plan Description: The District contributes to the California Public Employees' Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. PERS requires plans with less than 100 active participants to participate in risk pools. The District participates in the Miscellaneous 2.5% at 55 risk pool. Copies of PERS' annual financial report may be obtained from their Headquarter at:

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

Funding Policy: Participants are required to contribute 8% of their annual covered salary. Starting July 1, 2011 the District reduced the amount that they contributed for employees by 3%, followed in January 2012 with an additional reduction of 5%. The District employees now are required to contribute the entire 8% employee share of their annual covered salary themselves. The District is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2012 was 17.137% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by PERS. The District contributions for the years ended June 30, 2012, 2011 and 2010, were $131,133, $156,409, and $156,996, respectively, which were equal to the required contributions each year.

NOTE I – OTHER POST-EMPLOYMENT BENEFITS

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

NOTE I – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Funding Policy: The contribution requirements of the Plan participant and the District are established by and may be amended by the District pursuant to agreements with its employees. The District contributed $10,617 during the year ended June 30, 2012 on a pay-as-you go basis for current benefit payments in addition to a $101,000 payment against the annual required contribution. Retired plan members and their beneficiaries pay the annual premium cost not paid by the District. The District also joined California Employers Retiree Benefit Trust (CERBT) and started the pre-funding process.

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

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's Net OPEB obligation:

Annual required contribution	$ 101,000
Interest on net OPEB obligation	5,000
Adjustment to annual required contribution	(4,000)
Annual OPEB cost (expense)	102,000
Contribution made:	
Benefit Payments	(10,617)
Trust Pre-Funding	(101,000)
Increase (decrease) in net OPEB obligation	(9,617)
Net OPEB obligation - beginning of year	68,000
Net OPEB obligation - end of year	$ 58,383

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	$ 153,000	6.5%	$ 143,000
6/30/2011	105,000	171.4%	68,000
6/30/2012	102,000	109.4%	58,383

NOTE I – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

For the June 30, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.61% investment rate of return (net of administrative expenses), 3.25% payroll increases and a 3% general inflation assumption. Premiums (after the 2012 published rates) were assumed to increase with a pre-Medicare medical cost increase rate of 9.0% for HMOs for 2013, grading down to 5.0% for 2021 and thereafter. The post-Medicare medical cost increase rates were 9.4% for HMOs for 2013, grading down to 5.0% for 2021 and thereafter. The initial UAAL was amortized as a level percentage of projected payroll over a fixed 29-year period as of June 30, 2011.

Required Supplementary Information
Other Postemployment Benefits
Schedule of Funding Progress

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

NOTE J – INSURANCE COVERAGE

The District participates in the California Transit Indemnity Pool (CalTIP), a public entity risk pool of governmental transit operators within California, for general, automobile, public officials errors and omissions and employment practices liability, and vehicle physical damage (collision and comprehensive). The District is provided with an excess coverage fund for these items through commercial insurance. Loss contingency reserves established by CalTIP are funded by contributions from member agencies. The District pays an annual premium to CalTIP that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting, legal costs, administrative and other costs to operate CalTIP. The District's CalTIP coverage is $10,000,000 for each occurrence with no deductible for its bodily injury, property damage, public official errors and omissions, and

NOTE J – INSURANCE COVERAGE (Continued)

personal injury policy. The District then has excess liability coverage for an additional $10,000,000 for a total coverage of $20,000,000. The District's CalTIP coverage is the actual cash value of covered vehicles less the deductible, which is $10,000 for buses and service trucks and $500 for automobiles, for its vehicle physical damage policy. The District is also covered for damage to its commercial property through Golden Eagle Insurance Corp. Settled claims resulting from all risks have not exceeded the District's commercial insurance coverage in the past three years.

NOTE K – CONCENTRATIONS

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

NOTE L – COMMITMENTS AND CONTINGENCIES

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

On July 30, 2006, the District entered into a seven-year agreement with Veolia Transportation Incorporated to provide transit services. The amounts payable to Veolia Transportation for the period July 1, 2012 through July 29, 2013 will not exceed $8,294,473. This agreement, upon approval from the District, may be extended for up to five additional years from July 30, 2013 through July 29, 2018 at an amount not to exceed $37,612,514.

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

NOTE M– RELATED PARTY TRANSACTIONS

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

YOLO COUNTY TRANSPORTATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE N – PASS THROUGH PTMISEA

As of June 30, 2012, the status of the District's PMTISEA grants is as follows:

YCTD PTMISEA Projects	Paratransit Vehicles	Bus Rehabilitation	Bus Replacements	Facility Improvements	Total
Original Grant amount	$ 250,000	$ 164,224	$ 4,212,245	$ 2,464,000	$7,090,469
Grant amounts received in prior years	$ 72,000	$ 164,224	$ 1,612,245		$1,848,469
Interest earned in prior years		8,595			8,595
Grant amounts spent in prior years	(72,000)	(29,004)	(1,612,245)		(1,713,249)
Balance - Beginning of year		143,815			143,815
Received				$ 1,160,827	1,160,827
Interest earned		612			612
Spent in current year		(144,406)		(1,823,526)	(1,967,932)
Balance - End of year		21		(662,699)	(662,678)
Grant balances held as of June 30, 2012	$ -	$ 21	$ -	$ -	$ 21
Grants available/unclaimed - June 30, 2012	$ -	$ -	$ -	$ 1,303,173	$1,303,173
Grants not yet available - June 30, 2012	$ 178,000	$ -	$ 2,600,000	$ -	$2,778,000

COMPLIANCE REPORTS

Richardson & Company

550 Howe Avenue, Suite 210
Sacramento, California 95825

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

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

We have audited the basic financial statements of Yolo County Transportation District (the District) as of and for the year ended June 30, 2012 and have issued our report thereon dated December 21, 2012. 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.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 (including PTMISEA)

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

This report is intended solely for the information and use of the Board of Directors, management, the Sacramento Area Council of Governments, federal awarding agencies and pass-through entities, and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company

December 21, 2012

Richardson & Company

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Sacramento, California 95825

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the Yolo County Transportation District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the District, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 21, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management, the Sacramento Area Council of Governments, federal awarding agencies and pass-through entities, and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company

December 21, 2012

YOLO COUNTY TRANSPORTATION DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. Type of auditor's report issued:	Unqualified opinion
2. Internal controls over financial reporting:	
a. Material weaknesses identified	No
b. Significant deficiencies identified not considered to be material weaknesses?	None Reported
3. Noncompliance material to financial statements noted?	No

Federal Awards

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

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

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

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

None

D. PRIOR YEAR FINDINGS

None

YOLO COUNTY TRANSPORTATION DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

Federal Grantor/Pass-through Grantor, if applicable/ Program Title/Grant or Pass-through Number	Federal CFDA Number	Program or Award Amount	Expenditures	Grant Balance at June 30, 2012
MAJOR FEDERAL AWARDS:				
U.S. Department of Transportation, Federal Transit Administration				
Federal Transit Capital Investment Grants, Section 5309				
CA-04-0179	20.500	$ 222,400	$ 63,348	$ 159,052
CA-04-00062	20.500	1,668,154	1,214,374	
		1,890,554	1,277,722	159,052
Federal Transit Formula Grants (Urbanized Area) Section 5307				
CA-90-Y051	20.507	1,911,345		668,875
CA-90-Y479	20.507	1,625,000	66,544	
CA-90-Y480	20.507	2,896,875	132,370	
CA-95-X036	20.507	5,689,022		85,253
CA-90-Y585	20.507	1,313,000	290,271	50,000
CA-95-X089	20.507	2,280,000	893,104	
CA-90-Y846	20.507	1,329,780	579,321	
CA-90-Y854	20.507	1,235,567	797,000	438,567
CA-95-X126	20.507	126,000	18,591	79,522
CA-95-X161	20.507	950,000	950,000	
CA-90-Y924	20.507	300,000	150,000	150,000
		19,656,589	3,877,201	1,472,217
TOTAL MAJOR FEDERAL AWARDS (FEDERAL TRANSIT CLUSTER)		21,547,143	5,154,923	1,631,269
NON-MAJOR FEDERAL AWARDS:				
U.S. Department of Transportation, Fedearal Transit Administration				
Passed-through the State of California, Department of Transportation, Business, Transportation and Housing Agency				
Federal Transit Formula Grants for Other Than Urbanized Areas, Section 5311				
641181	20.509	294,252	294,252	
Passed-through the State of California, Department of Transportation				
Federal Transit New Freedom Program, Section 5317				
640770	20.521	60,000	18,028	
648727	20.521	72,000		1,537
CA-57-X043	20.521	60,000	60,000	
Federal Transit Job Access-Reverse Commute, Section 5316				
CA-37-X142	20.516	65,000	65,000	
TOTAL NON-MAJOR FEDERAL AWARDS		551,252	437,280	1,537
TOTAL FEDERAL AWARDS		$22,098,395	$ 5,592,203	$ 1,632,806

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

NOTE A – BASIS OF PRESENTATION

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