

YOLO COUNTY TRANSPORTATION DISTRICT

Audited Financial Statements
and Compliance Reports

June 30, 2017 and 2016

YOLO COUNTY TRANSPORTATION DISTRICT

Audited Financial Statements
and Compliance Reports

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Audited Financial Statements

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Yolo County Transportation District (the District) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2017 and 2016, and changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

To the Board of Directors
Yolo County Transportation District

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information and schedule of expenditures of federal awards, as required by the Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, including the Transportation Development Act and other state grant program guidelines. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Richardson & Company, LLP

February 28, 2018

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2017 and 2016

The management of the Yolo County Transportation District (District) is pleased to present the following discussion and analysis that provides an overview of the financial position and activities of the District for the years ended June 30, 2017 and 2016. This discussion should be read in conjunction with the financial statements and accompanying notes, which follow this section.

Background

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

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

Financial Highlights

- Total net position, the level by which total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources, increased by approximately \$1.0 million, from \$25.5 million at June 30, 2016 to \$27.8 million at June 30, 2017.
- Year-end total net position of \$27.8 million was broken down between \$18.5 million net investment in capital assets, \$1.4 million in restricted for equipment replacement and \$7.9 million of unrestricted net position.
- For every dollar in current liabilities, the District holds \$13.8 in total assets, down from \$20.0 as of year-end 2016.
- Operating revenues (fares) increased during FY 2016/17. This is primarily due to a fare increase and an increase in special fares purchases.
- Operating expenses increased 7.5% during FY 2016/17 to \$15.4 million. The increase in expenses is primarily due to Purchased Transportation, salaries and benefits, insurance costs and fuel costs.

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2017 and 2016

The Financial Statements

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

Description of Basic Financial Statements

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

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

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

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

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

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

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

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

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis
June 30, 2017 and 2016

	June 30, 2017	June 30, 2016	Increase (Decrease) from 2016 to 2017	June 30, 2015	Increase (Decrease) from 2015 to 2016
Current Assets	\$ 10,742,060	\$ 9,594,131	\$ 1,147,929	\$ 10,316,745	\$ (722,614)
Restricted Cash and Investments	1,575,856	2,044,555	(468,699)	2,205,576	(161,021)
Other Postemployment Benefits		1,000	(1,000)	49,764	(48,764)
Capital Assets, Net	18,545,818	15,935,688	2,610,130	14,346,122	1,589,566
TOTAL ASSETS	30,863,734	27,575,374	3,288,360	26,918,207	657,167
Deferred Outflows of Resources	436,585	322,194	114,391	170,614	151,580
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 31,300,319	\$ 27,897,568	\$ 3,402,751	\$ 27,088,821	\$ 808,747
Current Liabilities	\$ 2,241,282	\$ 1,381,874	\$ 859,408	\$ 1,605,178	\$ (223,304)
Non-Current Liabilities	1,147,106	918,461	228,645	795,007	123,454
TOTAL LIABILITES	3,388,388	2,300,335	1,088,053	2,400,185	(99,850)
Deferred Inflows of Resources	76,226	112,969	(36,743)	191,946	(78,977)
Net Position					
Net Investment in Capital Assets	18,545,818	15,935,688	2,610,130	14,346,122	1,589,566
Restricted for Equipment Replacement and Capital Projects	1,396,783	1,805,591	(408,808)	2,205,576	(399,985)
Restricted for Capital Purposes - STAF			-	988,044	(988,044)
Unrestricted	7,893,104	7,742,985	150,119	6,956,948	786,037
TOTAL NET POSITION	27,835,705	25,484,264	2,351,441	24,496,690	987,574
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 31,300,319	\$ 27,897,568	\$ 3,402,751	\$ 27,088,821	\$ 808,747

District's Assets

Total assets increased approximately \$3.3 million to \$30.9 million at June 30, 2017 from the prior year. Total assets increased approximately \$.7 million to \$26.9 million at June 30, 2016. The increase in total assets in 2016/17 was primarily due to the purchase of nine fixed route buses for \$4.8 million and the purchase of equipment in the amount of \$.3 million. This was offset by depreciation of capital assets. There was a \$3.7 investment in fixed assets in 2015/16 for the purchase of nine paratransit buses for \$1.4 million and the rehabilitation of a number of fixed route buses in the amount of \$2.3 million. There was a \$500,000 purchase of a wheelchair tie-down system during the previous year.

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2017 and 2016

District's Liabilities

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

The decrease of current liabilities at June 30, 2016 was primarily a reduction in Accounts Payable, offset by an increase in Unearned Revenue related to the Low Carbon Transit Operations Program (LCTOP) program.

The increase of non-current liabilities during the years ending June 30, 2017 and 2016 was due to an increase in the District's pension plan, which was mainly due to lower investment earnings. The District's pension liability was \$0.9 million at June 30, 2016 and \$1.1 million at June 30, 2017.

The District also reported deferred outflows of resources primarily for pension contributions after the pension plan valuation measurement date and deferred inflows of resources primarily for the difference between projected and actual pension plan investment earnings due to the implementation of GASB Statement No. 68. See Note H for more information about the District's pension plan.

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis
June 30, 2017 and 2016

Statement of Revenues, Expenses, and Changes in Net Position

A summary of the District's Statements of Revenues, Expenses, and Changes in Net Position for fiscal years 2016/17, 2015/16, and 2014/15 is as follows:

	Year ending June 30, 2017	Year ending June 30, 2016	Increase (Decrease) from 2016 to 2017	Year ending June 30, 2015	Increase (Decrease) from 2015 to 2016
Operating Revenues	\$ 2,470,541	\$ 2,389,093	\$ 81,448	\$ 2,478,486	\$ (89,393)
Operating Expenses	15,411,995	14,325,800	1,086,195	14,084,699	241,101
Net Loss From Operations	<u>(12,941,454)</u>	<u>(11,936,707)</u>	<u>(1,004,747)</u>	<u>(11,606,213)</u>	<u>(330,494)</u>
NONOPERATING REVENUES (EXPENSES)					
Local Transportation Fund and State Transit					
Assistance Allocation	5,802,204	5,601,466	200,738	4,899,386	702,080
Federal Transit Administration Grants:					
Operating Grants	2,945,344	1,518,389	1,426,955	2,647,278	(1,128,889)
Mitigation Revenue - Tribe	1,530,404	1,473,465	56,939	1,418,716	54,749
Miscellaneous Revenues	337,325	551,480	(214,155)	512,865	38,615
Auxiliary Transportation	586,734	421,205	165,529	430,963	(9,758)
Interest Revenue	51,105	76,781	(25,676)	24,062	52,719
State Grants	95,499	49,837	45,662	11,771	38,066
Madison Bus Stop Expenses		(3,425)	3,425	(71,789)	68,364
Pass-through to Other Agencies	(24,200)	(20,000)		(20,000)	-
Loss on Disposal of Capital Assets	(15,389)				-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>11,309,026</u>	<u>9,669,198</u>	<u>1,659,417</u>	<u>9,853,252</u>	<u>(184,054)</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>3,983,869</u>	<u>3,255,083</u>	<u>728,786</u>	<u>693,260</u>	<u>2,561,823</u>
CHANGE IN NET POSITION	2,351,441	987,574	1,363,867	(1,059,701)	2,047,275
Net Position at Beginning of Year	<u>25,484,264</u>	<u>24,496,690</u>	<u>987,574</u>	<u>25,556,391</u>	<u>(1,059,701)</u>
NET POSITION AT END OF YEAR	<u>\$ 27,835,705</u>	<u>\$ 25,484,264</u>	<u>\$ 2,351,441</u>	<u>\$ 24,496,690</u>	<u>\$ 987,574</u>

Operating Revenues

The District's operating revenue is a combination of passenger fares, made up of cash from the fareboxes and pre-paid fare media, and special fares, which are fares paid for by non-profits and other government agencies. The District's operating FY 2016/17 revenue has increased from FY 2015/16. This is primarily due to an increase in special fares purchases.

Operating Expenses

The District's operating expenses consist of charges for fixed route and paratransit operations, administrative expenses, marketing, maintenance expenses, including re-building both transmissions and engines, and other operating expenses. The increase in expenses for FY 2016/17 is primarily due to a \$0.3 million increase in Purchased Transportation from schedule contractual adjustments, \$0.3 million increase in salaries and benefits due to being fully staffed, a \$0.3 million increase in insurance on the new buses purchased, a \$0.2 million increase in vehicle fuel from the cost of CNG fuel sold to a private company and a \$0.4 million increase in depreciation, offset by a \$0.3 decrease in other services and supplies.

YOLO COUNTY TRANSPORTATION DISTRICT

Management’s Discussion and Analysis
June 30, 2017 and 2016

The slight increase in expenses for FY 2015/16 is primarily due to increased purchased transportation from scheduled contractual adjustments and salaries and benefits due to filling vacant positions, offset by lower fuel and insurance costs.

Non-operating Revenues (Expenses)

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

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

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

Capital contributions consist of grants received by the District from the Federal Transit Administration and the State of California, from either the Department of Transportation or the California Emergency Management Agency relating to capital for improvements owned by the District. In FY 2016/17 there was an increase in funding due to the purchase of nine fixed route vehicles and other equipment. In FY 2015/16 there was an increase in funding due to the purchase of nine paratransit vehicles, bus rehabilitation, purchase of bus shelters and other equipment.

Capital Assets

	June 30, 2017	June 30, 2016	Increase (Decrease) from 2016 to 2017	June 30, 2015	Increase (Decrease) from 2015 to 2016
Capital assets, not being depreciated					
Land	\$ 465,000	\$ 465,000		\$ 465,000	
Total capital assets, not being depreciated	465,000	465,000		465,000	
Capital assets, being depreciated					
Equipment & Transit Vehicles	35,523,235	32,067,516	\$ 3,455,719	28,683,749	\$ 3,383,767
Building and improvements	11,171,120	11,171,120		10,815,205	355,915
Total capital assets, being depreciated	46,694,355	43,238,636	3,455,719	39,498,954	3,739,682
Less accumulated depreciation for:					
Equipment & Transit Vehicles	(23,628,257)	(23,323,308)	(304,949)	(21,758,127)	(1,565,181)
Building and improvements	(4,985,280)	(4,444,640)	(540,640)	(3,859,705)	(584,935)
Total accumulated depreciation	(28,613,537)	(27,767,948)	(845,589)	(25,617,832)	(2,150,116)
Total capital assets being depreciated, net	18,080,818	15,470,688	2,610,130	13,881,122	1,589,566
Capital assets, net	\$ 18,545,818	\$ 15,935,688	\$ 2,610,130	\$ 14,346,122	\$ 1,589,566

YOLO COUNTY TRANSPORTATION DISTRICT

Management's Discussion and Analysis June 30, 2017 and 2016

At the close of FY 2016/17, the District's net investment in capital assets increased \$2.6 million to \$18.5 million, from \$15.9 million at the end of FY 2015/16. Capital asset categories are land, work in progress, equipment & transit vehicles, and buildings & improvements. The increase in capital assets, net in FY 2016/17 was primarily due to the purchase of nine fixed route buses and equipment during the year, offset by depreciation. The increase in capital assets, net in FY 2015/16 was primarily due to the purchase of nine paratransit buses and the rehabilitation of a number of buses during the year, offset by depreciation. There was a \$500,000 investment in fixed assets in 2014/15 for the purchase of upgraded wheelchair tie-down systems. See note E for more information about capital assets (GASB says to refer to footnote here)

Economic Factors and the Future

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

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

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

Requests for Information

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

YOLO COUNTY TRANSPORTATION DISTRICT

BALANCE SHEETS

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,828,096	\$ 5,809,137
Due from Other Governments	2,905,505	3,769,754
Accounts Receivable	8,459	15,240
TOTAL CURRENT ASSETS	<u>10,742,060</u>	<u>9,594,131</u>
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents:		
Capital Reserves	933,726	1,232,420
Governor's Office of Homeland Security	432,253	573,171
LCTOP	179,934	238,964
County of Yolo Grant - Madison Bus Stop	29,943	
Total Restricted Assets	<u>1,575,856</u>	<u>2,044,555</u>
Other Postemployment Benefits Asset		1,000
Capital Assets:		
Nondepreciable	465,000	465,000
Depreciable, Net	18,080,818	15,470,688
Total Capital Assets, Net	<u>18,545,818</u>	<u>15,935,688</u>
TOTAL NONCURRENT ASSETS	<u>20,121,674</u>	<u>17,981,243</u>
TOTAL ASSETS	<u>30,863,734</u>	<u>27,575,374</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Plan	436,585	322,194
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 31,300,319</u>	<u>\$ 27,897,568</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,683,990	\$ 851,967
Accrued Wages	21,457	59,658
Due to Other Governments	300,976	186,181
Unearned Revenue	179,073	238,964
Accrued Compensated Absences	55,786	45,104
TOTAL CURRENT LIABILITIES	<u>2,241,282</u>	<u>1,381,874</u>
NONCURRENT LIABILITIES		
Accrued Compensated Absences	23,588	19,315
Other Postemployment Benefits Liability	52,992	
Net Pension Liability	1,070,526	899,146
TOTAL NONCURRENT LIABILITIES	<u>1,147,106</u>	<u>918,461</u>
TOTAL LIABILITIES	<u>3,388,388</u>	<u>2,300,335</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Plan	76,226	112,969
NET POSITION		
Net Investment in Capital Assets	18,545,818	15,935,688
Restricted for Equipment Replacement and Capital Projects	1,396,783	1,805,591
Unrestricted	7,893,104	7,742,985
TOTAL NET POSITION	<u>27,835,705</u>	<u>25,484,264</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 31,300,319</u>	<u>\$ 27,897,568</u>

The accompanying notes are an integral part of these financial statements

YOLO COUNTY TRANSPORTATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUE		
Passenger Fares	\$ 2,385,846	\$ 2,338,587
Special Fares	84,695	50,506
TOTAL OPERATING REVENUE	<u>2,470,541</u>	<u>2,389,093</u>
OPERATING EXPENSES		
Purchased Transportation	8,927,402	8,675,177
Salaries and Benefits	1,380,187	1,117,548
Insurance	579,967	280,836
Vehicle Fuel	1,339,389	1,118,166
Other Services and Supplies	636,828	983,955
Depreciation	2,548,222	2,150,118
TOTAL OPERATING EXPENSES	<u>15,411,995</u>	<u>14,325,800</u>
NET LOSS FROM OPERATIONS	(12,941,454)	(11,936,707)
NONOPERATING REVENUES (EXPENSES)		
Local Transportation Fund and State Transit Assistance Allocation	5,802,204	5,601,466
Federal Transit Administration Grants:		
Operating Grants	2,945,344	1,518,389
Mitigation Revenue - Tribe	1,530,404	1,473,465
Miscellaneous Revenues	337,325	551,480
Auxiliary Transportation	586,734	421,205
Interest Revenue	51,105	76,781
State Grants	95,499	49,837
Madison Bus Stop Expenses		(3,425)
Pass-through to Other Governments	(24,200)	(20,000)
Loss on Disposal of Capital Assets	(15,389)	
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>11,309,026</u>	<u>9,669,198</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(1,632,428)	(2,267,509)
CAPITAL CONTRIBUTIONS		
Federal Transit Administration Grant	1,059,326	2,862,515
State Proposition 1B Grant	2,770,262	392,568
Local Transportation Fund, State Transit Assistance Allocation and Other Capital Contributions	154,281	
TOTAL CAPITAL CONTRIBUTIONS	<u>3,983,869</u>	<u>3,255,083</u>
CHANGE IN NET POSITION	2,351,441	987,574
Net Position at Beginning of Year	<u>25,484,264</u>	<u>24,496,690</u>
NET POSITION AT END OF YEAR	<u>\$ 27,835,705</u>	<u>\$ 25,484,264</u>

The accompanying notes are an integral part of these financial statements

YOLO COUNTY TRANSPORTATION DISTRICT

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts From Customers	\$ 2,459,331	\$ 3,591,698
Cash Paid to Suppliers for Goods and Services	(10,536,768)	(11,334,760)
Cash Paid to Employees for Services	(1,329,195)	(1,291,055)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(9,406,632)</u>	<u>(9,034,117)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Grants and Subsidies	9,973,532	8,329,551
Nonoperating Expenses Paid		(3,425)
Pass-through Payments	(24,200)	(20,000)
Other Income	924,059	967,375
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>10,873,391</u>	<u>9,273,501</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
RELATED FINANCING ACTIVITIES		
Capital Contributions Received	5,206,137	2,483,969
Acquisition of Capital Assets	(5,180,851)	(3,739,684)
Proceeds from sale of capital assets	7,110	
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>32,396</u>	<u>(1,255,715)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Pooled Investments	51,105	76,781
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>51,105</u>	<u>76,781</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	1,550,260	(939,550)
Cash and Cash Equivalents at Beginning of Year	<u>7,853,692</u>	<u>8,793,242</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 9,403,952</u>	<u>\$ 7,853,692</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET		
Cash and Cash Equivalents	\$ 7,828,096	\$ 5,809,137
Restricted Cash and Cash Equivalents	<u>1,575,856</u>	<u>2,044,555</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 9,403,952</u>	<u>\$ 7,853,692</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Net Loss From Operations	\$ (12,941,454)	\$ (11,936,707)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:		
Depreciation	2,548,222	2,150,118
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
Accounts Receivable and Due from Other Governments	(11,210)	1,034,115
Net Pension Liability and Related Deferred Outflows/Inflows of Resources	20,246	(97,770)
Accounts Payable and Due to Other Governments	946,818	(409,413)
Accrued Wages	(38,201)	13,690
Unearned Revenue		168,490
Accrued Compensated Absences	14,955	(5,404)
Other Postemployment Benefits	53,992	48,764
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (9,406,632)</u>	<u>\$ (9,034,117)</u>

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

YOLO COUNTY TRANSPORTATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the fund are included on the balance sheet. Net Position is segregated into the net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net position.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are fares received

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

from passengers for transportation services. Operating expenses for enterprise funds included the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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.

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

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

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

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

New Pronouncements: In June 2015, the GASB issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB),” replaces the requirements of GASB Statement No. 45 and requires governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust to report a net OPEB liability, which is the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments, on the face of the financial statements. Governments that participate in a cost-sharing OPEB plan through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. This Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. This Statement is effective for financial statements dated June 30, 2018.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for States and Local Governments*, and supersedes Statement No. 55, of the same name. The requirements of this Statement are effective for the current year audit and have been applied as appropriate.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes criteria allowing investment pools meeting certain maturity, quality, diversification and other criteria to measure its investments at amortized cost for financial reporting purposes rather than at fair value and allowing the pool’s users to measure their investments in the pool at amortized cost. This Statement is effective for periods beginning after June 15, 2015 with some provisions effective for periods beginning after December 15, 2015.

The District will fully analyze the impact of these statements prior to the effective dates above and implement provisions as appropriate.

NOTE B – CASH AND CASH EQUIVALENTS

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

	2017	2016
Cash and cash equivalents	\$ 7,828,096	\$ 5,809,137
Restricted cash and equivalents	1,575,856	2,044,555
Total cash and investments	\$ 9,403,952	\$ 7,853,692

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

	2017	2016
Cash on hand	\$ 400	\$ 400
Deposits with financial institutions	98,447	456,489
Investment in Yolo County Pooled Investment Fund	9,305,105	7,396,803
Total cash and investments	\$ 9,403,952	\$ 7,853,692

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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

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

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

Interest rate risk: Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive the fair value is to changes in market interest rates. As of June 30, 2017 and 2016, the weighted average maturity of the investments contained in the County of Yolo investment pool was approximately 335 and 425 days, respectively.

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

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

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

At June 30, 2017 and 2016, the carrying amount of the District’s deposits was \$98,447 and \$456,489 and the balance in financial institutions was \$89,316 and \$450,654, respectively. All of the balance in financial institutions was insured by the Federal Deposit Insurance Corporation (FDIC) at June 30, 2017. Of the balance in financial institutions at June 30, 2016, \$250,000 was insured by the FDIC and the remaining amount was secured by a pledge of the financial institution’s securities, but not in the name of the District.

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

NOTE C – RESTRICTED CASH AND CASH EQUIVALENTS

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

	2017	2016
Capital reserves	\$ 933,726	\$ 1,232,420
Governor's Office of Homeland Security	432,253	573,171
LCTOP	179,934	238,964
County grant - Madison Bus Stop	29,943	
Total restricted cash and cash equivalents	\$ 1,575,856	\$ 2,044,555

Capital Reserves: For the fiscal years ended June 30, 2017 and 2016, the District accumulated \$933,726 and \$1,232,420 from its member agencies from TDA allocations that is restricted for equipment replacement and capital purposes.

NOTE D – DUE FROM OTHER GOVERNMENTS

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

	2017	2016
Federal Transit Administration grants	\$ 2,190,471	\$ 2,021,097
California Department of Transportation	221,109	176,065
Internal Revenue Service - fuel tax rebate	213,661	373,761
Sacramento Regional Transit District	96,654	228,310
SACOG - STAF and other	43,595	35,197
State Transit Assistance Fund	43,111	771,526
Yolo County	29,943	
California Environmental Protection Agency	19,265	
City of West Sacramento	10,380	79,206
Other	37,316	84,592
Total due from other governments	\$ 2,905,505	\$ 3,769,754

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE E – CAPITAL ASSETS

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

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

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE E – CAPITAL ASSETS (Continued)

Fixed Route Service	Balance July 1, 2015	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2016
Capital assets, not being depreciated:					
Land	\$ 465,000				\$ 465,000
Total capital assets, not being depreciated	465,000				465,000
Capital assets, being depreciated:					
Equipment and transit vehicles	27,942,114	\$ 2,551,694		\$ (309,372)	30,184,436
Buildings and improvements	10,815,205	46,545		309,370	11,171,120
Total capital assets, being depreciated	38,757,319	2,598,239		(2)	41,355,556
Less accumulated depreciation for:					
Equipment and transit vehicles	(21,034,107)	(1,547,564)		(2)	(22,581,673)
Buildings and improvements	(3,859,705)	(584,939)		4	(4,444,640)
Total accumulated depreciation	(24,893,812)	(2,132,503)		2	(27,026,313)
Total capital assets being depreciated, net	13,863,507	465,736			14,329,243
Capital assets, net	\$ 14,328,507	\$ 465,736	\$ -	\$ -	\$ 14,794,243
ADA Paratransit Service					
Capital assets, being depreciated:					
Equipment and transit vehicles	\$ 741,635	\$ 1,141,445			\$ 1,883,080
Total capital assets, being depreciated	741,635	1,141,445			1,883,080
Less accumulated depreciation for:					
Equipment and transit vehicles	(724,020)	\$ (17,615)			(741,635)
Total accumulated depreciation	(724,020)	(17,615)			(741,635)
Capital assets, net	\$ 17,615	\$ 1,123,830	\$ -	\$ -	\$ 1,141,445
Total capital assets, net	\$ 14,346,122	\$ 1,589,566	\$ -	\$ -	\$ 15,935,688

NOTE F – LONG-TERM LIABILITIES

Long-term liability activity, excluding the pension liability reported in Note H, for the years ended June 30 consisted of the following:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Due within one year
Compensated absences	\$ 64,419	\$ 65,866	\$ (50,911)	\$ 79,374	\$ 55,786
	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Due within one year
Compensated absences	\$ 69,823	\$ 43,484	\$ (48,888)	\$ 64,419	\$ 45,104

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE G – FARE REVENUE RATIO

The District is required to maintain a fare revenue to operating expense ratio of 15% for the years ending June 30, 2017 and 2016, in accordance with the Transportation Development Act. The fare revenue to operating expenses ratio for the District is calculated as follows for the years ended June 30:

	2017	2016
Fare revenues	\$ 2,470,541	\$ 2,389,093
Operating expenses	\$ 15,411,995	\$ 14,325,800
Less allowable exclusions:		
Depreciation	(2,548,222)	(2,150,118)
Net operating expenses	\$ 12,863,773	\$ 12,175,682
Fare revenue ratio	19.21%	19.62%

NOTE H – PENSION PLAN

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

- Miscellaneous Plan
- PEPRA Miscellaneous Plan

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

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

The Plan’s provisions and benefits in effect at June 30, 2017 and 2016, are summarized as follows:

	2017		2016	
	Miscellaneous Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Plan (On or after January 1, 2013)	Miscellaneous Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Plan (On or after January 1, 2013)
Hire date				
Benefit formula (at full retirement)	2.5% @ 55	2.0% @ 62	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.000%	6.250%	8.000%	6.250%
Required employer contribution rates	10.069%	6.237%	9.671%	6.237%

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE H – PENSION PLAN (Continued)

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

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

For the years ended June 30, 2017 and 2016, the employer contributions recognized as part of pension expense were \$138,557 and \$123,865, respectively.

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

	2017	2016
Proportionate Share of Net Pension Liability	Proportionate Share of Net Pension Liability	Proportionate Share of Net Pension Liability
Total net pension liability	\$ 1,070,526	\$ 899,146

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016 and 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2015 and 2014 rolled forward to June 30, 2016 and 2015 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, compared to prior year were as follows:

	2017	2016
Proportion - June 30, 2016	0.032774%	
Proportion - June 30, 2017	0.030816%	
Change - increase (decrease)	-0.001958%	
Proportion - June 30, 2015		0.031010%
Proportion - June 30, 2016		0.032774%
Change - increase (decrease)		0.001764%

During the years ended June 30, 2017 and 2016, the District recognized pension expense of \$158,803 and \$26,095, respectively. At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE H – PENSION PLAN (Continued)

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 138,557		\$ 123,865	
Differences between actual and expected experience	4,392	\$ (1,006)	7,953	
Changes in assumptions		(41,554)		\$ (75,247)
Differences between the employer's contributions and the employer's proportionate share of contributions	50,370		61,238	
Change in employer's proportion	26,992	(33,666)	129,138	
Net differences between projected and actual earnings on plan investments	216,274			(37,722)
Total	<u>\$ 436,585</u>	<u>\$ (76,226)</u>	<u>\$ 322,194</u>	<u>\$ (112,969)</u>

The \$138,557 and \$123,865 at June 30, 2017 and 2016, respectively, reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as net deferred outflows (inflows) of resources related to the Plan will be recognized as pension expense as follows:

Fiscal Year Ended June 30	2017	2016
2017		\$ 17,188
2018	\$ 38,726	16,138
2019	32,948	3,817
2020	94,109	48,217
2021	56,019	
	<u>\$ 221,802</u>	<u>\$ 85,360</u>

Actuarial Assumptions: The total pension liabilities in the June 30, 2015 and 2014 actuarial valuations for the Plan used during the years ended June 30 were determined using the following actuarial assumptions:

	2017	2016
Valuation date	June 30, 2015	June 30, 2014
Measurement date	June 30, 2016	June 30, 2015
Actuarial cost method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial assumptions:		
Discount rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll growth	3.00%	3.00%
Projected salary increase ⁽¹⁾	3.2% - 12.2%	3.3% - 14.2%
Investment rate of return	7.65%	7.65%
Mortality ⁽²⁾	Derived using CalPERS Membership Data for all Funds	Derived using CalPERS Membership Data for all Funds

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

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

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

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE H – PENSION PLAN (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.65% in the valuations as of June 30, 2015 and 2014 used for the years ended June 30, 2017 and 2016. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the 7.65% discount rate used in the June 30, 2015 and 2014 valuations were adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

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

Asset Class	2017			2016		
	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global equity	51.0%	5.25%	5.71%	51.0%	5.25%	5.71%
Global fixed income	20.0%	0.99%	2.43%	19.0%	0.99%	2.43%
Inflation sensitive	6.0%	0.45%	3.36%	6.0%	0.45%	3.36%
Private equity	10.0%	6.83%	6.95%	10.0%	6.83%	6.95%
Real estate	10.0%	4.50%	5.13%	10.0%	4.50%	5.13%
Infrastructure and forestland	2.0%	4.50%	5.09%	2.0%	4.50%	5.09%
Liquidity	1.0%	(0.55)%	(1.05)%	2.0%	(0.55)%	(1.05)%
Total	100.0%			100.0%		

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

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

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

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE H – PENSION PLAN (Continued)

	2017	2016
1% decrease	6.65%	6.65%
Net pension liability	\$ 1,584,960	\$ 1,388,940
Current discount rate	7.65%	7.65%
Net pension liability	\$ 1,070,526	\$ 899,146
1% increase	8.65%	8.65%
Net pension liability	\$ 645,373	\$ 495,135

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

Payable to the Pension Plan: At June 30, 2017 and 2016, the District reported a payable for the outstanding amount of contributions to the Plan of \$2,771 and \$7,628, respectively.

NOTE I – OTHER POSTEMPLOYMENT BENEFITS

Plan Description: The Yolo County Transportation District Retiree Healthcare Plan (“Plan”) is an agent multiple 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), which invests the Plan’s assets through the California Employers’ Retiree Benefit Trust (CERBT). The CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 to administer retiree healthcare benefits and collectively invest plan assets of all trust members. The CERBT issues publicly available financial statements according to GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, in aggregate with the other CERBT participating employers. The CERBT financial statements can be obtained from the CalPERS website at www.calpers.ca.gov.

Benefit provisions are established and may be amended by the District’s Board of Directors. The District’s Plan does not issue separate financial statements.

The District provides retiree medical contributions at a rate of 90% of the District’s cost for management employees and 100% of the District’s contribution up to a maximum amount specified in Resolution 2014-05 ranging from \$622 for single to \$1,616 for family coverage for non-management employees. Coverage is provided through PEMHCA (CalPERS healthcare program) for employees who retire directly from the District under CalPERS. Benefits continue to surviving spouses and dependents. Implied subsidies are valued for community rated plans such as PEMHCA under revised Actuarial Standards of Practice (ASOP) No. 6 released in May 2014.

Funding Policy: The contribution requirements of the Plan participants and the District are established by and may be amended by the District pursuant to agreements with its employees. The District contributed \$64,632 and \$52,236 during the years ended June 30, 2017 and 2016, respectively, on a pay-as-you go basis for current benefit payments and payments to the trust, including the implied subsidy. Retired plan members and their beneficiaries pay the annual premium cost not paid by the District. The District joined the CERBT in 2011 and started the pre-funding process.

Annual OPEB Cost and Net OPEB Obligation: The District’s annual other postemployment benefit cost (expense) of \$104,000 and \$101,000 for the years ended June 30, 2017 and 2016, respectively, was 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

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (Continued)

annual OPEB cost for the years ended June 30, 2017 and 2016, the amount actually contributed to the Plan, and changes in the District’s Net OPEB obligation:

	2017	2016
Annual required contribution	\$ 109,000	\$ 102,000
Interest on net OPEB obligation	(5,000)	(5,000)
Adjustment to annual required contribution		4,000
Annual OPEB cost (expense)	104,000	101,000
Contribution made:		
Benefit payments	(15,359)	(26,000)
Implied subsidy	(8,000)	
Trust pre-funding	(26,649)	(26,236)
Total contributions	(50,008)	(52,236)
Increase (decrease) in net OPEB (asset) obligation	53,992	48,764
Net OPEB (asset) obligation - beginning of year	(1,000)	(49,764)
Net OPEB (asset) obligation - end of year	\$ 52,992	\$ (1,000)

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

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

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

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

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

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

For the June 30, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), 3.25% payroll increases and a 3% general inflation assumption. Actual medical premiums were used through 2017 and the annual healthcare cost trend 6.5% for non-Medicare and 6.7% for Medicare premiums in 2018, reduced by decrements to and ultimate rate of 5% in 2021 and future periods. Asset gains and losses are recognized over 5 years with a corridor of 80% and 120% of market value. The UAAL was amortized based on 20 year fresh start of the UAAL on June 30, 2015 with a maximum 30 year amortization period.

NOTE J – OTHER STATE GRANT PROGRAMS

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

The District received \$2.6 million, \$11,460 and \$178,000 for a Q-pod project and for the purchase of paratransit vehicles during the years ended June 30, 2017, 2016 and 2013, respectively. For the years ended June 30, PTMISEA funds received and expended were verified in the course of the audit as follows:

	2017	2016
Unexpended proceeds, beginning of year		\$ 179,144
PTMISEA allocation	\$ 2,600,000	11,460
Interest earnings		1,732
Expenses incurred:	(2,600,000)	(192,336)
Unexpended proceeds	\$ -	\$ -

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

The District applied for and received \$170,262 and \$381,108 during the years ended June 30, 2017 and 2016 and had unspent funds as of June 30, 2014 for OHS approved projects and equipment, which included facility security improvements, wireless access equipment, Route Match/AVL connection equipment and software.

YOLO COUNTY TRANSPORTATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE J – OTHER STATE GRANT PROGRAMS (Continued)

As of June 30, 2017, the remaining unexpended proceeds in the table below, including interest, are restricted for bus shelter and bus stop improvements. As of June 30, 2016, emergency generator funds and bus shelter and bus stop improvement funds were unspent. Qualifying expenses must be encumbered within three years from the date of the allocation and expended within three years from the date of the encumbrance. As of June 30, funds received and expended were verified in the course of the audit as follows:

	2017	2016
Unexpended proceeds, beginning of year	\$ 573,171	\$ 386,085
Governor's Office of Homeland Security received	170,262	381,108
Interest earnings	4,926	6,936
Expenses incurred:		
Apollo Video Camera System	(90,167)	
AVL Ranger Equipment	(159,756)	(200,958)
Wireless Access Equipment	(61,991)	
West Sacramento Yard Camera	(4,192)	
	\$ 432,253	\$ 573,171

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

The District received \$82,931 and \$181,156 for use in the connect card project during the years ended June 30, 2017 and 2016 and \$58,833 for the Yolobus fare reduction program during the year ended June 30, 2015. As of June 30, LCTOP funds received and expended were verified in the course of the audit as follows:

	2017	2016
Unexpended proceeds, beginning of year	\$ 238,964	\$ 58,833
LCTOP received		181,156
Interest earnings	1,591	706
Expenses incurred:		
Revenue replacement	(60,621)	(1,731)
	\$ 179,934	\$ 238,964

NOTE K – INSURANCE COVERAGE

The District participates in the California Transit Indemnity Pool (CalTIP), a public entity risk pool of governmental transit operators within California, for liability (general, automobile, public officials errors and omissions and employment practices) and vehicle physical damage (collision and comprehensive). The District is provided with excess coverage fund for these items through commercial insurance. Loss contingency reserves established by CalTIP are funded by contributions from member agencies. The District pays an annual premium to CalTIP that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting, legal costs, administrative and other costs to operate CalTIP. The District's CalTIP pooled coverage is \$10,000,000 for liability and \$100,000 for vehicle physical damage for each occurrence. The District then has excess liability coverage for

YOLO COUNTY TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE K – INSURANCE COVERAGE (Continued)

an additional \$15,000,000 for liability coverage and \$29,900,000 for vehicle physical damage for a total of \$25,000,000 for liability and \$30,000,000 for vehicle physical damage per occurrence. The District has no deductible for its liability policy and a \$10,000 and \$500 deductible per bus and automobile, respectively, for the vehicle physical damage policy. Settled claims resulting from all risks have not exceeded the District's commercial insurance coverage and no reductions in insurance coverage have occurred in the past three years.

NOTE L – CONCENTRATIONS

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

NOTE M – COMMITMENTS AND CONTINGENCIES

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

On July 30, 2006, the District entered into a seven-year agreement with Transdev (formerly Veolia Transportation Incorporated) to provide transit services. On January 14, 2013, the Yolo County Transportation District Board of Directors authorized its Executive Director to exercise the option years in the contract and approved a five-year extension from July 30, 2013 through July 29, 2018. As of June 30, 2017, the remaining commitment payable to Transdev is an amount not to exceed \$8,365,296.

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 N– RELATED PARTY TRANSACTIONS

The County of Yolo, a member of the Yolo County Transportation District, provides certain legal, accounting, investment and other professional services to the District. Legal services are billed separately and at amounts that will approximately recover the County's full cost of providing such services. Expense for services provided by the County totaled \$35,996 and \$23,671 for the years ended June 30, 2017 and 2016, respectively.

NOTE O - SUBSEQUENT EVENT

In December 2014, the Board of Directors approved a contract to purchase nine 40-foot Compressed Natural Gas (CNG) buses for a total cost of \$4,609,106, including extended warranties, training and shipping. Related equipment for the buses was approved as part of the contract for an additional \$233,894. These nine buses were delivered to the District during the period December 2016 through January 2017. As part of the December 2014 contract, the District has an option to purchase, through the contractor, up to fourteen additional buses over the next five years. In September 2016, the District exercised its option to purchase an additional eight buses at a total cost of \$4,263,920 to be delivered in February and April 2018.

In August 2017, the Board of Directors approved the purchase of four cut-a-way buses in the amount of \$798,212.

REQUIRED SUPPLEMENTARY INFORMATION

YOLO COUNTY TRANSPORTATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2017

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

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

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

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

Methods and assumptions used to determine contribution rates

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

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

YOLO COUNTY TRANSPORTATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

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

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

Note: The valuations only included information for the years above. Consequently, information for the years ended June 30, 2014, 2016 and 2017 are not available.

SUPPLEMENTARY INFORMATION

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING BALANCE SHEET

June 30, 2017

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

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING BALANCE SHEET

June 30, 2016

	Fixed Route Service	ADA Paratransit Service	Total	Eliminating Entries	Total All Services
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 5,809,137		\$ 5,809,137		\$ 5,809,137
Due from Other Governments	3,480,181	\$ 289,573	3,769,754		3,769,754
Due from ADA Paratransit Service	101,851		101,851	\$ (101,851)	
Accounts Receivable	15,240		15,240		15,240
TOTAL CURRENT ASSETS	9,406,409	289,573	9,695,982	(101,851)	9,594,131
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents:					
Capital Reserves	1,208,090	24,330	1,232,420		1,232,420
Governor's Office of Homeland Security	573,171		573,171		573,171
LCTOP	238,964		238,964		238,964
Total Restricted Assets	2,020,225	24,330	2,044,555		2,044,555
Other Posemployment Benefits	1,000		1,000		1,000
Capital Assets:					
Nondepreciable	465,000		465,000		465,000
Depreciable, net	14,329,243	1,141,445	15,470,688		15,470,688
Total Capital Assets, Net	14,794,243	1,141,445	15,935,688		15,935,688
TOTAL NONCURRENT ASSETS	16,815,468	1,165,775	17,981,243		17,981,243
TOTAL ASSETS	26,221,877	1,455,348	27,677,225	(101,851)	27,575,374
DEFERRED OUTFLOWS OF RESOURCES					
Pension Plan	322,194		322,194		322,194
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 26,544,071	\$ 1,455,348	\$ 27,999,419	\$ (101,851)	\$ 27,897,568
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
CURRENT LIABILITIES					
Accounts Payable	\$ 742,298	\$ 109,669	\$ 851,967		\$ 851,967
Accrued Wages	59,658		59,658		59,658
Due to Other Governments	173,340	12,841	186,181		186,181
Unearned Revenue	238,964		238,964		238,964
Due to Fixed Route Service		101,851	101,851	\$ (101,851)	
Accrued Compensated Absences	45,104		45,104		45,104
TOTAL CURRENT LIABILITIES	1,259,364	224,361	1,483,725	(101,851)	1,381,874
NONCURRENT LIABILITIES					
Accrued Compensated Absences	19,315		19,315		19,315
Net Pension Liability	899,146		899,146		899,146
TOTAL NONCURRENT LIABILITIES	918,461		918,461		918,461
TOTAL LIABILITIES	2,177,825	224,361	2,402,186	(101,851)	2,300,335
DEFERRED INFLOWS OF RESOURCES					
Pension Plan	112,969		112,969		112,969
NET POSITION					
Net Investment in Capital Assets	14,794,243	1,141,445	15,935,688		15,935,688
Restricted for Equipment Replacement and Capital Projects	1,781,261	24,330	1,805,591		1,805,591
Unrestricted	7,677,773	65,212	7,742,985		7,742,985
TOTAL NET POSITION	24,253,277	1,230,987	25,484,264		25,484,264
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 26,544,071	\$ 1,455,348	\$ 27,999,419	\$ (101,851)	\$ 27,897,568

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

For the Year Ended June 30, 2017

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

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

For the Year Ended June 30, 2016

	Fixed Route Service	ADA Paratransit Service	Total
OPERATING REVENUE			
Passenger Fares	\$ 2,280,691	\$ 57,896	\$ 2,338,587
Special Fares	17,153	33,353	50,506
TOTAL OPERATING REVENUE	2,297,844	91,249	2,389,093
OPERATING EXPENSES			
Purchased Transportation	7,349,943	1,325,234	8,675,177
Salaries and Benefits	1,117,548		1,117,548
Insurance	241,492	39,344	280,836
Vehicle Fuel	1,022,228	95,938	1,118,166
Other Services and Supplies	981,578	2,377	983,955
Depreciation	2,132,503	17,615	2,150,118
TOTAL OPERATING EXPENSES	12,845,292	1,480,508	14,325,800
NET LOSS FROM OPERATIONS	(10,547,448)	(1,389,259)	(11,936,707)
NONOPERATING REVENUES (EXPENSES)			
Local Transportation Fund and State Transit			
Assistance Allocation	4,777,574	823,892	5,601,466
Federal Transit Administration Grants:			
Operating Grants	1,451,736	66,653	1,518,389
Mitigation Revenue - Tribe	1,473,465		1,473,465
Miscellaneous Revenues	546,170	5,310	551,480
Auxiliary Transportation	421,205		421,205
Interest Revenue	81,450	(4,669)	76,781
State Grants	49,837		49,837
Madison Bus Stop Expenses	(3,425)		(3,425)
Pass-through to Other Governments	(20,000)		(20,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	8,778,012	891,186	9,669,198
NET (LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,769,436)	(498,073)	(2,267,509)
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Federal Transit Administration Grant	1,935,991	926,524	2,862,515
State Proposition 1B Grant	392,568		392,568
Transfers In (Out)	(515,176)	515,176	
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	1,813,383	1,441,700	3,255,083
CHANGE IN NET POSITION	43,947	943,627	987,574
Net Position at Beginning of Year	24,209,330	287,360	24,496,690
NET POSITION AT END OF YEAR	\$ 24,253,277	\$ 1,230,987	\$ 25,484,264

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF CASH FLOWS

For the Year Ended June 30, 2017

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

YOLO COUNTY TRANSPORTATION DISTRICT

COMBINING SCHEDULE OF CASH FLOWS

For the Year Ended June 30, 2016

	Fixed Route Service	ADA Paratransit Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts From Customers	\$ 3,504,832	\$ 86,866	\$ 3,591,698
Cash Paid to Suppliers for Goods and Services	(9,878,709)	(1,456,051)	(11,334,760)
Cash Paid to Employees for Services	(1,291,055)		(1,291,055)
NET CASH USED FOR OPERATING ACTIVITIES	(7,664,932)	(1,369,185)	(9,034,117)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants and Subsidies	7,365,817	963,734	8,329,551
Nonoperating Expenses Paid	(3,425)		(3,425)
Pass-through Payments	(20,000)		(20,000)
Other Income	967,375		967,375
Internal Receipts (Payments)	(617,027)	617,027	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	7,692,740	1,580,761	9,273,501
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions Received	1,582,917	901,052	2,483,969
Acquisition of Capital Assets	(2,598,239)	(1,141,445)	(3,739,684)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,015,322)	(240,393)	(1,255,715)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Pooled Investments	81,450	(4,669)	76,781
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	81,450	(4,669)	76,781
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(906,064)	(33,486)	(939,550)
Cash and Cash Equivalents at Beginning of Year	8,735,426	57,816	8,793,242
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 7,829,362	\$ 24,330	\$ 7,853,692
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING BALANCE SHEET			
Cash and Cash Equivalents	\$ 5,809,137		\$ 5,809,137
Restricted Cash and Cash Equivalents	2,020,225	\$ 24,330	2,044,555
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 7,829,362	\$ 24,330	\$ 7,853,692
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:			
Net Loss From Operations	\$ (10,547,448)	\$ (1,389,259)	\$ (11,936,707)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used for Operating Activities:			
Depreciation	2,132,503	17,615	2,150,118
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:			
Accounts Receivable and Due from Other Governments	1,038,498	(4,383)	1,034,115
Net Pension Liability and Related Deferred Outflows/Inflows	(97,770)		(97,770)
Accounts Payable and Due to Other Governments	(416,255)	6,842	(409,413)
Accrued Wages	13,690		13,690
Unearned Revenue	168,490		168,490
Other Post-Employment Benefits	48,764		48,764
Accrued Compensated Absences	(5,404)		(5,404)
NET CASH USED FOR OPERATING ACTIVITIES	\$ (7,664,932)	\$ (1,369,185)	\$ (9,034,117)

COMPLIANCE REPORTS



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, THE
TRANSPORTATION DEVELOPMENT ACT AND OTHER STATE PROGRAM GUIDELINES

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Yolo County Transportation District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 28, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters (including Other State Grant Programs)

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Transportation Development Act (TDA) Funds allocated and received by the District were expended in conformance with the applicable statutes, rules and

To the Board of Directors
Yolo County Transportation District

regulations of the TDA and Section 6667 of the California Code of Regulations. We also tested the receipt and appropriate expenditures of other state grant funds, as presented in Note J to the financial statements, in accordance with other state grant program statutes and guidelines. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, the TDA or other state grant program requirements.

Purpose of this Report

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

Richardson & Company, LLP

February 28, 2018



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

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

Report on Compliance for Each Major Federal Program

We have audited the Yolo County Transportation District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

To the Board of Directors
Yolo County Transportation District

Report on Internal Control Over Compliance

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

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

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

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

Richardson & Company, LLP

February 28, 2018

YOLO COUNTY TRANSPORTATION DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2017

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

4. Identification of major programs:

CFDA Number

20.507

Name of Federal Program

Federal Transit Formula Grants (Urbanized Area Formula Program), FTA Section 5307; CFDA 20.507

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

YOLO COUNTY TRANSPORTATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2017

B. CURRENT YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

None

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

None

D. PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

None

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

None

YOLO COUNTY TRANSPORTATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Program or Award Amount	Expenditures
U.S. Department of Transportation, Federal Transit Administration - Direct Award				
Federal Transit-Formula Grants, Section 5307	20.507	CA-90-Z253	\$ 1,916,535	\$ 246,139
Federal Transit-Formula Grants, Section 5307	20.507	CA-2017-143-00	3,518,096	1,899,392
Federal Transit-Formula Grants, Section 5307	20.507	CA-90-Y854-03	6,630,693	758,360
Federal Transit-Formula Grants, Section 5307	20.507	CA-90-Y924-03	870,000	
Federal Transit-Formula Grants, Section 5307	20.507	CA-95-X126-02	2,583,268	865,442
			<u>15,518,592</u>	<u>3,769,333</u>
U.S. Department of Transportation, Federal Transit Administration Passed through the California Department of Transportation, Division of Mass Transportation				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	64A016-00199	300,000	29,122
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	64A016-00082	300,000	75,336
			<u>600,000</u>	<u>104,458</u>
U.S. Department of Transportation, Federal Transit Administration Passed through the California Department of Transportation, Division of Mass Transportation				
Formula Grants for Rural Areas, Section 5311	20.509	64BO17-00440	130,879	130,879
Total passed through the California Department of Transportation, Division of Mass Transportation			<u>730,879</u>	<u>235,337</u>
TOTAL FEDERAL AWARDS			<u>\$ 16,249,471</u>	<u>\$ 4,004,670</u>

See accompanying notes to schedule of expenditures of federal awards.

YOLO COUNTY TRANSPORTATION DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2017

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST ALLOCATION PLAN

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

NOTE D – SUBRECIPIENTS

There were no subrecipients of the District's programs during the year ended June 30, 2017.

NOTE E – JUNE 30, 2016 AWARDS INCLUDED ON SCHEDULE

The Federal Transit Formula Grants, CFDA 20.507, CA-2017-143-00, includes awards approved during the year ended June 30, 2017 to reimburse \$161,819 of ADA operating assistance, \$426,852 of City of Woodland operating expenses and \$178,789 of City of Woodland preventive maintenance expenses incurred during the year ended June 30, 2016. These awards were not included on the June 30, 2016 SEFA due to the awards not being approved by the grantor until September 2017 and the award amounts not being known when the June 30, 2016 SEFA was prepared. As a result, the award amounts were included as revenue in the financial statements and expenses were included on the SEFA as of and for the year ended June 30, 2017.