

YUBA-SUTTER TRANSIT AUTHORITY

Audited Financial Statements
and Compliance Reports

June 30, 2021

YUBA-SUTTER TRANSIT AUTHORITY

Audited Financial Statements
and Compliance Reports

June 30, 2021 and 2020

Audited Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Yuba-Sutter Transit Authority
Marysville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Yuba-Sutter Transit Authority (the Authority) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority'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 Authority as of June 30, 2021 and 2020, and changes in financial position and cash flows thereof 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
Yuba-Sutter Transit Authority

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 January 10, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, the Transportation Development Act and other state grant program guidelines. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

Richardson & Company, LLP

January 10, 2022

YUBA-SUTTER TRANSIT AUTHORITY

BALANCE SHEETS

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,938,363	\$ 2,762,716
Accounts receivable	7,682	3,570
Interest receivable	3,158	3,837
Due from other governmental agencies	1,035,367	2,055,151
Prepaid expenses and other assets	37,421	45,498
TOTAL CURRENT ASSETS	<u>6,021,991</u>	<u>4,870,772</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	511,925	395,956
Capital assets:		
Nondepreciable	922,578	905,570
Depreciable, net	13,755,295	15,583,011
Total Capital Assets	<u>14,677,873</u>	<u>16,488,581</u>
TOTAL NONCURRENT ASSETS	<u>15,189,798</u>	<u>16,884,537</u>
TOTAL ASSETS	<u>21,211,789</u>	<u>21,755,309</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	300,499	482,198
Other post employment benefits	23,057	3,869
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 21,535,345</u>	<u>\$ 22,241,376</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 586,757	\$ 524,505
Accrued payroll	38,877	37,305
Accrued compensated absences	47,935	42,058
Unearned revenue	3,019,036	1,964,638
Deposits payable	25,050	25,050
TOTAL CURRENT LIABILITIES	<u>3,717,655</u>	<u>2,593,556</u>
NONCURRENT LIABILITIES		
Net pension liability	20,745	367,031
Other post employment benefits liability	115,155	78,575
TOTAL LIABILITIES	<u>3,853,555</u>	<u>3,039,162</u>
DEFERRED INFLOWS OF RESOURCES		
Pension plan	236,888	15,049
Other post employment benefits	820	
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>237,708</u>	<u>15,049</u>
NET POSITION		
Investment in capital assets	14,677,873	16,488,581
Restricted for operations in specified service areas	109,496	109,496
Unrestricted	2,656,713	2,589,088
TOTAL NET POSITION	<u>17,444,082</u>	<u>19,187,165</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 21,535,345</u>	<u>\$ 22,241,376</u>

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

YUBA-SUTTER TRANSIT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Passenger fares	\$ 513,940	\$ 1,045,646
Special transit fares	22,032	25,811
TOTAL OPERATING REVENUES	<u>535,972</u>	<u>1,071,457</u>
OPERATING EXPENSES		
Operations		
Purchased transportation	5,542,348	5,524,708
Depreciation	1,859,026	1,738,696
Fuel and lubricants	499,026	615,092
Maintenance and supplies	306,646	303,771
Vehicle insurance	270,402	277,224
Total operations	<u>8,477,448</u>	<u>8,459,491</u>
General administration		
Personnel costs	642,906	623,572
Services	155,910	172,835
Utilities	60,839	55,757
Casualty and liability insurance	31,546	30,872
Materials	7,732	14,338
Miscellaneous	25,300	21,151
Total general and administration	<u>924,233</u>	<u>918,525</u>
TOTAL OPERATING EXPENSES	<u>9,401,681</u>	<u>9,378,016</u>
NET LOSS FROM OPERATIONS	(8,865,709)	(8,306,559)
NONOPERATING REVENUES (EXPENSES)		
Federal transit administration operating grants	3,919,800	3,445,760
Local Transportation Fund	2,800,000	2,800,000
State Transit Assistance Fund operating		244,421
State operating grants	215,292	297,211
Advertising	38,773	43,039
Other revenues	85,051	85,266
Interest	15,392	15,464
Gain (loss) on disposal of capital assets		4,539
Intergovernmental expenses		(16,707)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>7,074,308</u>	<u>6,918,993</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(1,791,401)	(1,387,566)
CAPITAL CONTRIBUTIONS		
Federal Transit Administration capital grants		4,488,867
State of California PTMISEA grant		87,639
State Transit Assistance Fund and State of Good Repair capital	48,318	989,025
TOTAL CAPITAL CONTRIBUTIONS	<u>48,318</u>	<u>5,565,531</u>
CHANGE IN NET POSITION	(1,743,083)	4,177,965
Net position at beginning of year	<u>19,187,165</u>	<u>15,009,200</u>
NET POSITION AT END OF YEAR	<u>\$ 17,444,082</u>	<u>\$ 19,187,165</u>

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

YUBA-SUTTER TRANSIT AUTHORITY

STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 531,860	\$ 1,074,028
Cash paid to suppliers for goods and services	(6,978,142)	(8,397,883)
Cash paid to employees for services	(411,271)	(396,209)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(6,857,553)</u>	<u>(7,720,064)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants and subsidies	8,070,970	6,115,444
Cash paid to other government agencies		(16,707)
Other nonoperating revenue	123,824	128,305
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>8,194,794</u>	<u>6,227,042</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received	986,622	7,380,117
Proceeds from sale of capital assets		43,950
Purchase of capital assets	(48,318)	(5,565,531)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>938,304</u>	<u>1,858,536</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings received	16,071	14,634
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>16,071</u>	<u>14,634</u>
INCREASE IN CASH AND CASH EQUIVALENTS	2,291,616	380,148
Cash and cash equivalents at beginning of year	<u>3,158,672</u>	<u>2,778,524</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 5,450,288</u></u>	<u><u>\$ 3,158,672</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Cash and cash equivalents	\$ 4,938,363	\$ 2,762,716
Restricted cash and cash equivalents	511,925	395,956
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 5,450,288</u></u>	<u><u>\$ 3,158,672</u></u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Net loss from operations	\$ (8,865,709)	\$ (8,306,559)
Adjustments to reconcile net loss from operations to net cash used for operating activities:		
Depreciation	1,859,026	1,738,696
Changes in operating assets, deferred outflows, liabilities and deferred inflows:		
Accounts receivable	(4,112)	2,571
Prepaid expenses	8,077	379
Deferred outflows of resources	162,511	(358,617)
Accounts payable	62,252	(849,432)
Accrued payroll	1,572	1,890
Accrued compensated absences	5,877	4,519
Deposits payable		(25)
Net pension liability	(346,286)	28,546
OPEB liability	36,580	18,466
Deferred inflows of resources	222,659	(498)
NET CASH USED FOR OPERATING ACTIVITIES	<u><u>\$ (6,857,553)</u></u>	<u><u>\$ (7,720,064)</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Capital asset purchases payable	\$ -	\$ 866,486

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

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Yuba-Sutter Transit Authority (the Authority) 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 Authority are described below.

Description of Reporting Entity: The Authority is a joint powers agency formed by Yuba and Sutter Counties and the Cities of Marysville and Yuba City, to provide transportation services in the Yuba-Sutter Bi-County Area. The Authority is governed by an eight-member Board of Directors consisting of two members each from the Board of Supervisors of the counties of Yuba and Sutter and the City Councils of the cities of Yuba City and Marysville. The Authority operates a wide range of public transit services in both the rural and urbanized areas of Yuba and Sutter Counties, including the cities of Marysville, Yuba City, Wheatland, and Live Oak through the use of a transit contractor. These services include fixed routes and dial-a-ride in the urban areas, rural route deviation service to Live Oak, Wheatland, and the Yuba County foothills, and both commuter and midday service to Sacramento.

Basis of Presentation: The Authority's resources are allocated to and accounted for in these financial statements as an enterprise fund type of the proprietary fund group. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, 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. 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. Enterprise funds are 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 this fund are included on the balance sheet. Net position is segregated into the investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund-type operating statements present increases (i.e., revenue) and decreases (i.e., expenses) in net position.

The Authority 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. When such funds are received they are recorded as unearned revenues until earned. Transportation Development Act (TDA) revenues are recognized 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 Authority are charges to customers for transportation services. Operating expenses include the cost of purchased transportation, fuel and lubricants, administrative expenses, maintenance, insurance 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 Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents: For the purposes of reporting cash flows, the Authority considers all cash and highly liquid investments purchased with an original maturity of three months or less and the investment in the Local Agency Investment Fund (LAIF) to be cash equivalents.

Restricted Cash and Cash Equivalents: Restricted cash and cash equivalents represents the unexpended amounts received under the Low Carbon Transit Operations Program.

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are valued at historical cost. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of one year or more. Provision is made for depreciation on the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings and improvements	5-30 years
Vehicles	4-12 years
Equipment	5-10 years

Maintenance and repairs are charged to operations when incurred. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement.

Unearned Revenue: Unearned revenue represents resources received before the Authority has legal claim to them (i.e. when cost reimbursement grant revenues are received prior to the incurrence of qualifying expenditures) or when exchange revenues are received before the exchange takes place. Unearned revenue consisted of the following at June 30, 2021 and 2020:

	2021	2020
State Transit Assistance capital	\$ 1,086,699	\$ 203,978
State Transit Assistance operating	1,420,412	1,354,775
Low Carbon Transit Operations Program	511,925	395,956
Prepaid fares		9,929
	<u>\$ 3,019,036</u>	<u>\$ 1,964,638</u>

Compensated Absences: It is the Authority’s policy to permit employees to accumulate earned but unused annual leave benefits up to a maximum of 384 hours. Unused annual leave is paid to the employees upon termination. The Authority considers the entire balance of compensated absences to be a current liability.

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of net position reports 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 earning process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the Authority’s pension and OPEB plan as described in Notes G and H.

Pension Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the Authority’s California Public Employees’ Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by 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.

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan’s fiduciary net position have been determined on the same basis as they were reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Restricted Net Position: Restrictions of net position show amounts that are legally restricted for specific uses. The amount restricted for operations is for State Transit Assistance funds claimed on behalf of Wheatland and Live Oak that have not been spent.

YUBA-SUTTER TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates: The preparation of the financial statements in conformity 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 results could differ from those estimates.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents reported on the balance sheet was as follows at June 30:

	2021	2020
Cash and cash equivalents	\$ 4,938,363	\$ 2,762,716
Restricted cash and cash equivalents	511,925	395,956
Total cash and cash equivalents	\$ 5,450,288	\$ 3,158,672

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

	2021	2020
Cash on hand	\$ 200	\$ 200
Deposits in financial institutions:		
Unrestricted	1,070,227	480,635
Restricted	511,925	395,956
Total	1,582,352	876,791
Investment in Local Agency Investment Fund (LAIF):		
Unrestricted	3,867,936	2,281,881
Total	3,867,936	2,281,881
Total cash and cash equivalents	\$ 5,450,288	\$ 3,158,672

Investment Policy: California statutes authorize 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 Authority's investment policy permits investments only in time deposits and the State of California Local Agency Investment Fund (LAIF).

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2021 and 2020, the weighted average maturity of the investments contained in the LAIF investment pool was approximately 291 and 191 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. LAIF 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 California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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.

At June 30, 2021 and 2020, the carrying amount of the Authority’s deposits was \$1,582,152 and \$876,591 and the balance in financial institutions was \$1,589,014 and \$877,843, respectively. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance. The remaining amount of \$1,339,014 and \$627,843 at June 30, 2021 and 2020, respectively, was collateralized by securities pledged by the financial institution, but not in the name of the Authority.

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF was \$193,321,015,759, which is managed by the State Treasurer. Of that amount, 2.31% was invested in asset-back securities and structured financial instruments. The Local Investment Advisory Board (the Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the Authority’s investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE C – DUE FROM OTHER GOVERNMENTAL AGENCIES

Amounts due from other governmental agencies consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Federal Transit Administration (FTA) grants	\$ 533,115	\$ 400,000
State Department of Transportation (FTA pass-through) grants	362,445	320,531
Sacramento Area Council of Governments (LTF)	49,965	388,115
Sacramento Area Council of Governments (STA)	21,851	891,653
Other	<u>67,991</u>	<u>54,852</u>
Total due from other governmental agencies	<u>\$ 1,035,367</u>	<u>\$ 2,055,151</u>

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE D – CAPITAL ASSETS

Capital asset activity was as follows for the years ended June 30:

	Balance at July 1, 2020	Additions	Retirements	Transfers	Balance at June 30, 2021
Capital assets, not being depreciated					
Land	\$ 905,570				\$ 905,570
Work in progress		\$ 17,008			17,008
Total capital assets not being depreciated	<u>905,570</u>	<u>17,008</u>			<u>922,578</u>
Capital assets, being depreciated:					
Buildings and improvements	4,691,997				4,691,997
Vehicles	19,169,401				19,169,401
Maintenance tools and equipment	260,344	31,310			291,654
Office equipment	146,732				146,732
Total capital assets being depreciated	<u>24,268,474</u>	<u>31,310</u>			<u>24,299,784</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,961,958)	(174,728)			(2,136,686)
Vehicles	(6,460,555)	(1,658,770)			(8,119,325)
Maintenance tools and equipment	(125,565)	(21,315)			(146,880)
Office equipment	(137,385)	(4,213)			(141,598)
Total accumulated depreciation	<u>(8,685,463)</u>	<u>(1,859,026)</u>			<u>(10,544,489)</u>
Total capital assets being depreciated, net	<u>15,583,011</u>	<u>(1,827,716)</u>			<u>13,755,295</u>
Capital assets, net	<u>\$ 16,488,581</u>	<u>\$ (1,810,708)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,677,873</u>
	Balance at July 1, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
Capital assets, not being depreciated					
Land	\$ 905,570				\$ 905,570
Work in progress	803,111			\$ (803,111)	
Total capital assets not being depreciated	<u>1,708,681</u>			<u>(803,111)</u>	<u>905,570</u>
Capital assets, being depreciated:					
Buildings and improvements	4,691,997				4,691,997
Vehicles	17,061,917	\$ 5,565,531	\$ (4,261,158)	803,111	19,169,401
Maintenance tools and equipment	260,344				260,344
Office equipment	146,732				146,732
Total capital assets being depreciated	<u>22,160,990</u>	<u>5,565,531</u>	<u>(4,261,158)</u>	<u>803,111</u>	<u>24,268,474</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,785,697)	(176,261)			(1,961,958)
Vehicles	(9,146,168)	(1,536,134)	4,221,747		(6,460,555)
Maintenance tools and equipment	(105,227)	(20,338)			(125,565)
Office equipment	(131,422)	(5,963)			(137,385)
Total accumulated depreciation	<u>(11,168,514)</u>	<u>(1,738,696)</u>	<u>4,221,747</u>		<u>(8,685,463)</u>
Total capital assets being depreciated, net	<u>10,992,476</u>	<u>3,826,835</u>	<u>(39,411)</u>	<u>803,111</u>	<u>15,583,011</u>
Capital assets, net	<u>\$ 12,701,157</u>	<u>\$ 3,826,835</u>	<u>\$ (39,411)</u>	<u>\$ -</u>	<u>\$ 16,488,581</u>

YUBA-SUTTER TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE E – FARE REVENUE RATIO

The Authority is required by the Sacramento Area Council of Governments (SACOG) to maintain a fare revenue ratio to operating expense ratio of 14.6% in accordance with the Transportation Development Act (TDA). The operating exemption is based on the net operation expense per vehicle service hour. The fare revenue ratios were as follows for the years ended June 30:

	2021	2020
Fare revenues	\$ 535,972	\$ 1,071,457
Local funds:		
Advertising	38,773	43,039
Other revenues	85,051	85,266
Interest	15,392	15,464
Proceeds from sale of capital assets		43,950
Total fare revenues and local funds	\$ 675,188	\$ 1,259,176
Total operating expenses	\$ 9,401,681	\$ 9,378,016
Less: New service exemptions		(41,841)
Less: depreciation	(1,859,026)	(1,738,696)
Net operating expenses	\$ 7,542,655	\$ 7,597,479
Fare revenue ratio	8.95%	16.57%

The Authority did not comply with the required 14.6% fare revenue for the year ended June 30, 2021. However, Assembly Bill No. 90 (AB 90), signed into legislation on June 29, 2020, was enacted in response to the COVID-19 pandemic’s impact on transit operators to hold them harmless for significant decreases in ridership and fare revenues. AB 90 prohibits the implementation of a penalty for failure to meet the required minimum fare revenue ratio during the years ended June 30, 2020 and 2021. No penalties will be applied to future years for the failure to meet the minimum required fare revenue ratio during these fiscal years. AB 149 approved in July 2021 extends the prohibition of the penalties for not meeting the fare revenue ratio through the fiscal year ended June 30, 2023.

NOTE F – INSURANCE

The Authority is exposed to the ordinary risk of loss in the normal course of business: general liability, automobile, and property. Commercial insurance is purchased to cover these potential areas of risk. There have been no significant reductions in insurance coverage from coverage in the prior fiscal year. Also, there have not been any settlements in excess of the insurance coverage for the past three fiscal years.

NOTE G – PENSION PLAN

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

- Miscellaneous rate plan
- PEPRM Miscellaneous rate 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.

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE G – PENSION PLAN (Continued)

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 5 years of service. The death benefit is one of the following: the 1959 Survivor Benefit level 3, 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, 2021 and 2020 are summarized as follows:

	Miscellaneous	PEPRA Miscellaneous
	Prior to January 1, 2013	On or after January 1, 2013
CalPERS membership date		
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Final average compensation period	Three years	Three years
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.426% to 2.418%
Required employee contribution rates 2020	7.000%	6.750%
Required employer contribution rates 2020	9.680%	6.985%
Required employee contribution rates 2021	6.908%	6.750%
Required employer contribution rates 2021	10.484%	7.732%

The Miscellaneous rate plan is closed to new members that are not already CalPERS participants. The Miscellaneous rate plan contribution percentages above do not include the required payment of the Employer Unfunded Accrued Liability (UAL). The contribution percentages, including the UAL payment, would have been 19.399% and 22.270% for the years ended June 30, 2021 and 2020, respectively, for the miscellaneous plan and 10.852% and 7.982%, respectively, for the PEPRA plan.

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 Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The employer contributions for the Plan were \$37,935 and \$424,303 for the years ended June 30, 2021 and 2020, respectively.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2021 and 2020, the Authority reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$20,745 and \$367,031, respectively.

The Authority’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 for the years ended June 30, 2021 and 2020 was measured as of June 30, 2020 and 2019, respectively, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2019 and 2018 rolled forward to June 30, 2020 and 2019, respectively, using standard update procedures. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority’s proportionate share of the net pension liability as of the June 30, 2020, 2019 and 2018 measurement dates were as follows:

YUBA-SUTTER TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE G – PENSION PLAN (Continued)

Proportion - June 30, 2019	0.00898%
Proportion - June 30, 2020	<u>0.00917%</u>
Change	0.00019%
Proportion - June 30, 2021	<u>0.00049%</u>
Change	-0.00868%

For the years ended June 30, 2021 and 2020, the Authority recognized pension expense of \$95,188 and \$97,603, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources as of June 30:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 37,935		\$ 424,303	
Differences between expected and actual experience	1,069		25,492	\$ (1,975)
Changes in assumptions		\$ (148)	17,502	(6,204)
Net differences between projected and actual earnings on pension plan investments	616			(6,417)
Change in employer's proportion	2,911	(236,740)	8,561	(453)
Difference between actual contributions and proportionate share of contributions.	<u>257,968</u>		<u>6,340</u>	
Total	<u>\$ 300,499</u>	<u>\$ (236,888)</u>	<u>\$ 482,198</u>	<u>\$ (15,049)</u>

The amounts above 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 fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized as pension expense as follows as of June 30:

Year Ended June 30	2021	2020
2021		\$ 36,678
2022	\$ 10,328	588
2023	9,361	5,284
2024	5,691	1,296
2025	<u>296</u>	
	<u>\$ 25,676</u>	<u>\$ 43,846</u>

YUBA-SUTTER TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE G – PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liabilities in actuarial valuations for the Plan was determined using the following actuarial assumptions at June 30:

	2021	2020
Valuation date	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019
Actuarial cost method	Entry-Age Normal Cost Method	
Amortization method	Level percentage of payroll	
Asset valuation method	Market value	
Actuarial assumptions:		
Discount rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll growth	2.75%	2.875%
Projected salary increases	0.4% - 8.5% (1)	3.2% - 12.2% (1)
Investment rate of return	7.15%	7.15%
Mortality	CalPERS Table	CalPERS Table

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

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 actuarial experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website. All other actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study can be found on the CalPERS website under Forms and Publications.

Discount Rate: The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members will be made at the current member contribution rates and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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) were 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 for the years ended June 30. 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.

YUBA-SUTTER TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE G – PENSION PLAN (Continued)

Asset Class	2021			2020		
	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	50.0%	4.80%	5.98%	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%	8.0%	6.30%	7.23%
Real estate	13.0%	3.75%	4.93%	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>			<u>100.0%</u>		

(a) An expected inflation of 2.0% used for this period.

(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Authority's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Authority'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:

	2021	2020
1% decrease	6.15%	6.15%
Net pension liability	\$ 256,920	\$ 592,958
Current discount rate	7.15%	7.15%
Net pension liability	\$ 20,745	\$ 367,031
1% increase	8.15%	8.15%
Net pension liability	\$ (174,398)	\$ 180,543

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

Payable to the Pension Plan: At June 30, 2021 and 2020, the Authority reported a payable of \$5,563 and \$5,134, respectively, for the outstanding amount of contributions to the Plan.

NOTE H – OTHER POST-RETIREMENT BENEFITS

Plan Description: The Authority administers a single-employer defined benefit postemployment healthcare plan. Healthcare benefits are provided to eligible retirees and their dependents through the California Public Employees' Retirement System healthcare program (PEMHCA). Benefit provisions are established and may be amended by the Authority. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. No prefunding contributions are being made to the Plan.

Benefits Provided: The Authority provides a retiree medical contribution for employees who retire within 120 days of separation from the Authority under CalPERS. The Authority's contribution is capped at the CalPERS Minimum Employer Contribution, which was \$1,668 and \$1,632 for the years ending June 30, 2021 and 2020. The benefit continues to surviving spouses and dependents. Retirees may select any retiree medical plan and coverage category

YUBA-SUTTER TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE H – OTHER POST-RETIREMENT BENEFITS (Continued)

offered by CalPERS, including spouse and family coverage, but must incur the cost of premiums exceeding the Authority's contribution.

For employees hired by the Authority on or before January 1, 2013, upon retirement from Authority service, regular full-time or eligible part-time employees who have reached age fifty (50), have served a minimum of five (5) years of accumulated CalPERS service, may be eligible for benefits. For employees hired by the Authority after January 1, 2013, upon retirement from Authority service, regular full-time or eligible part-time employees who have reached age fifty-two (52), have served a minimum of five (5) years of continuous service with the Authority are eligible.

Employees Covered by Benefit Terms: As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Inactive participants with deferred benefits	2
Active employees	<u>5</u>
Total	<u><u>7</u></u>

Total OPEB Liability: The Authority's total OPEB liability at June 30, 2021 and 2020 was measured as of June 30, 2020 and 2019, and was determined by an actuarial valuation as of June 30, 2019 for both years.

Actuarial Assumptions and Other Inputs: The total OPEB liability at the June 30, 2020 and 2019 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2021	2020
Valuation date	June 30, 2019	June 30, 2019
Measurement date	June 30, 2020	June 30, 2019
Actuarial cost method	Entry-age normal cost method	Entry-age normal cost method
Actuarial assumptions:		
Inflation	2.26%	2.26%
Salary increases	3.25%	3.25%
Discount rate	2.21%	3.50%
Mortality rate	CalPERS 2017 Experience Study	CalPERS 2017 Experience Study
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2018.	Post-retirement mortality projected fully generational with Scale MP-2018.
Healthcare trend rate	7.2% for 2021, decreasing to an ultimate rate of 4.5% in 2032	7.2% for 2021, decreasing to an ultimate rate of 4.5% in 2032
Participation rate	100%	100%

The Plan has no assets. Consequently, the discount rate was based on the Bond Buyer 20-Bond GO Index, a 20-year, an index of tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better. The only change in assumptions during 2021 was the change in the discount rate above.

Retirement mortality information was derived from data during 2017 CalPERS experience study. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

YUBA-SUTTER TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE H – OTHER POST-RETIREMENT BENEFITS (Continued)

Changes in the Total OPEB Liability: The changes in the net OPEB liability for the plan are as follows:

	2021		2020	
	Increase (Decrease)		Increase (Decrease)	
	Total OPEB Liability		Total OPEB Liability	
Balance at July 1	\$	78,575	\$	60,109
Changes during the year:				
Service cost		12,956		11,483
Interest		3,203		2,770
Differences between expected and actual experience		(895)		
Changes in assumptions		21,316		4,213
Net change		<u>36,580</u>		<u>18,466</u>
Balance at June 30	\$	<u>115,155</u>	\$	<u>78,575</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	2021			2020		
	Current			Current		
	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Net OPEB liability	\$ 135,733	\$ 115,155	\$ 98,512	\$ 67,885	\$ 78,575	\$ 91,734

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	2021			2020		
	Current			Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	\$ 94,898	\$ 115,155	\$ 141,309	\$ 95,125	\$ 78,575	\$ 65,646

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the years ended June 30, 2021 and 2020, the Authority recognized OPEB expense of \$18,212 and \$14,597.

At June 30, 2021 and 2020, the Authority reported deferred outflows of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience		\$ (820)		
Changes in assumptions	\$ 23,057		\$ 3,869	
Total	<u>\$ 23,057</u>	<u>\$ (820)</u>	<u>\$ 3,869</u>	<u>\$ -</u>

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE H – OTHER POST-RETIREMENT BENEFITS (Continued)

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

<u>Year Ended June 30</u>	<u>2021</u>	<u>2020</u>
2021		\$ 344
2022	\$ 2,053	344
2023	2,053	344
2024	2,053	344
2025	2,053	344
2026	2,053	344
Thereafter	<u>11,972</u>	<u>1,805</u>
	<u>\$ 22,237</u>	<u>\$ 3,869</u>

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. All other amounts are recognized over the expected average remaining service lifetime (EARSL), which was 11.949 and 12.258 years at June 30, 2021 and 2020, respectively.

NOTE I – CONTINGENT LIABILITIES AND COMMITMENTS

Contingencies: The Authority has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the Authority believes such disallowance, if any, will be immaterial.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Authority’s operation and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

Commitments: On August 19, 2019, the Authority entered into a four-year agreement with Storer Transit Systems to provide transit services through September 30, 2023. The amounts payable to Storer for the period of October 1, 2019 through September 30, 2023 will not exceed \$26,013,770, with \$14,935,983 of the maximum commitment remaining at June 30, 2021. This agreement, upon approval from the Authority, may be extended for up to two option terms of two years each for a maximum contract term of eight years through September 30, 2027.

Concentration: A significant amount of the Authority’s revenue is obtained under the Transportation Development Act (Local Transportation Fund and State Transit Assistance) and from the Federal Transit Administration. A significant reduction of these revenue sources would have a significant impact on the Authority’s operations.

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE J – OTHER STATE GRANTS

PTMISEA: As approved by the voters in the November 2006 general election, Proposition 1B enacts the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 to authorize \$19.925 billion of state general obligation bonds for specified purposes, including, among other purposes, transit and passenger rail improvements, state-local partnership transportation projects, and transit security projects. 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.

Of the \$19.925 billion of State general obligation bonds authorized by Proposition 1B, \$4 billion was set aside by the State as instructed by the 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. There were no PTMISEA funds received during the year ended June 30, 2021 and 2020. As of June 30, funds received and expended were verified in the course of the audit as follows:

	2021	2020
Beginning balance		\$ 87,116
Interest earnings		523
Expenses incurred:		
One fixed route bus		(52,142)
Demand response/rural route buses		(35,497)
	\$ -	\$ -
Unexpended proceeds		

There is no unearned revenue related to PTMISEA funds at June 30, 2021 and 2020.

State of Good Repair: State of Good Repair (SGR) was established by the California Legislature in 2017 by Senate Bill 1. SGR provides public transportation agencies with a consistent and dependable revenue source to invest in the upgrade, repair, and improvement of the transportation infrastructure and improve transportation services. Sacramento Area Council of Governments (SACOG) has elected to treat these funds on a cost reimbursement basis. Unexpended SGR funds held by SACOG at June 30, 2021 were \$244,973. There were no unexpended SGR funds held by SACOG at June 30, 2020. As of June 30, SGR funds received and expended were verified in the course of the of the audit as follows:

	2021	2020
Beginning balance	\$ -	\$ -
SGR received	30,000	735,455
Expenses incurred:		
Forklift	(30,000)	
Fixed route bus purchases		(735,455)
	\$ -	\$ -
Unexpended proceeds		

LCTOP: The Low Carbon Transit Operations Program (LCTOP) was established by the California Legislature in 2014 by Senate Bill 862. The LCTOP provides funds to transit agencies to reduce greenhouse gas emission and improve mobility through operating and capital grants. Projects approved for LCTOP will support 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 Authority received \$338,142 and \$336,962 of LCTOP funding for the programs in the tables below during the years ended

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE J – OTHER STATE GRANTS (Continued)

June 30, 2021 and 2020. LCTOP funds received and expended were verified in the course of the audit as follows for the years ended June 30:

	2021					Total
	FY17/18 Zero-Emissions Bus Changed to Yuba College Shuttle	FY18/19 Enhanced Sac Com Peak Service	FY19/20 Connect Card Program	FY19/20 Targeted Fare Subsidies	FY19/20 Fare Free Events	
Beginning balance	\$ 230,086	\$ 165,870				\$ 395,956
LCTOP funds received			\$ 100,000	\$ 196,000	\$ 42,142	338,142
LCTOP funds transferred in (out)	(229,836)	189,513		40,323		
Changes in unspent interest	(250)	639	124	340	51	904
Expenses incurred:						
Yuba College shuttle						
Enhanced Sacramento service		(128,635)				(128,635)
Targeted fare subsidies				(52,920)		(52,920)
Fare free events					(17,473)	(17,473)
Connect Card program			(24,049)			(24,049)
Unexpended proceeds, including interest	\$ -	\$ 227,387	\$ 76,075	\$ 183,743	\$ 24,720	\$ 511,925

	2020				Total
	FY16/17 Connect Card Program	FY17/18 Zero-Emissions Bus Changed to Yuba College Shuttle	FY18/19 Enhanced Sac Com Peak Service		
Beginning balance	\$ 15,888	\$ 226,183			\$ 242,071
LCTOP funds received		40,331	\$ 296,631		336,962
LCTOP funds transferred in (out)					
Changes in unspent interest	(58)	135	125		202
Expenses incurred:					
Yuba College shuttle		(36,563)			(36,563)
Enhanced Sacramento service			(130,886)		(130,886)
Fare free events					
Connect Card program	(15,830)				(15,830)
Unexpended proceeds, including interest	\$ -	\$ 230,086	\$ 165,870	\$ 395,956	

NOTE K – SUBSEQUENT EVENTS

On July 23, 2021, the Authority closed escrow on a 19.72 acre parcel of land at 6035 Avondale Avenue in Marysville, California for a new transit operations, maintenance, and administration facility using State Transit Assistance (STA) funds of \$903,377. The new Next Generation Zero-Emission Bus Operations, Maintenance, and Administration Facility Project (Project) will replace the existing transit facility and support a zero-emission public bus fleet conversion and future service expansion in the Yuba-Sutter bi-county area. The site also has sufficient space for solar power generation to meet the Project’s energy needs and/or for other future co-developments, such as a mobility hub that could support multiple transportation modes, such as shared vehicles, vehicle charging, and bike or scooter sharing.

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE K – SUBSEQUENT EVENTS (Continued)

The preliminary cost estimate for final Project facility design, environmental assessment, construction, and battery electric bus (BEB) infrastructure is \$42.5 million. This estimate includes all items needed to move into the facility and operate electric buses. As additional electric buses are purchased, additional chargers will be installed. The Authority intends to fund the Project with a mix of federal, state, and local funds and has begun applying for funds at all levels. To date, the Authority has secured \$194,456 in State Low Carbon Transit Operations Program (LCTOP) funds and has begun setting aside STA funds for this Project.

Yuba-Sutter Transit's current transit facility is a 60-year-old remodeled 7-Up Company bottling plant that is located on State Route (SR) 70 in Yuba County. This facility was purchased and transformed in 1996 into a transit maintenance, operations, and administration facility and then expanded in 2011 to its maximum capacity. Now operating at that capacity with no room for significant growth, the Project, originally scheduled for not earlier than 2030, is now under consideration for earlier implementation due to potential hinderance or displacement from a programmed and fully funded California Department of Transportation (Caltrans) SR 70 project.

The Authority's transit facility may be affected by the California Department of Transportation (Caltrans) SR 70 Binney Junction Roadway Rehabilitation and Complete Streets project to widen and improve SR 70. As currently designed, the Caltrans SR 70 project may require removal of the bus wash and service bays and/or reduction of the bus parking area and can critically impact on-site circulation and functionality. Any amount of loss to the small 3.2-acre transit facility will have a significant impact on transit operations, requiring the Authority to lease additional space or move its facility to a new location. The Caltrans project is now scheduled to be awarded in the Fall of 2023 with construction to start in the Spring of 2024. Once design and impacts are known, any change in duration of use of the Authority's existing facility would be evaluated for any effect on the depreciable lives of the facility assets and/or reporting of impairment loss under GASB Statement No 42.

Additionally, the State of California Air Resources Board Innovative Clean Transit Regulation (2018) mandates that all public transit agencies begin to transition to a zero-emission bus (ZEB) fleet. For the Authority, this requires that a minimum 25% of all covered bus purchases be ZEBs starting in 2026, increasing to 100% in 2029.

Since the Authority is a small transit agency with limited funds, and given the impending displacement, it is essential for the Authority to invest in a new build-to-suit transit facility to continue current operations, support an all-ZEB fleet, and allow for future service expansion as demand warrants. In addition, the new facility will allow for the early adoption of ZEBs to significantly advance the environmental benefits of this State initiative.

NOTE L – NEW PRONOUNCEMENTS

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, Leases, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This Statement requires for the purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE L – NEW PRONOUNCEMENTS (Continued)

Statement No. 67, Financial Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

The Authority is currently analyzing the impact of these new Statements on the Authority's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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YUBA-SUTTER TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2021 and 2020

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

	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability at measurement date	0.00049%	0.00917%	0.00898%	0.00903%	0.008904%	0.008949%	0.003920%
Proportionate share of the net pension liability	\$ 20,745	\$ 367,031	\$ 338,485	\$ 356,041	\$ 309,326	\$ 245,520	\$ 243,615
Covered payroll for measurement period	\$ 385,549	\$ 371,157	\$ 370,163	\$ 323,320	\$ 301,224	\$ 290,280	\$ 279,533
Proportionate share of the net pension liability as a percentage of covered payroll	5.38%	98.89%	91.44%	110.12%	102.69%	84.58%	87.15%
Plan fiduciary net position	\$ 1,753,922	\$ 1,312,693	\$ 1,225,636	\$ 1,075,838	\$ 959,081	\$ 923,112	\$ 876,269
Plan fiduciary net position as a percentage of the total pension liability	98.83%	78.15%	78.36%	75.13%	75.61%	78.99%	78.25%
Notes to Schedule:							
Valuation date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Benefit changes: There were no changes to benefit terms.

Changes in assumptions: The discount rate used for financial reporting purposes was changed from 7.50% in 2016 to 7.65% in 2017 and 2018 and to 7.15% in 2019 and 2020.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

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

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution during employer's fiscal year (actuarially determined)	\$ 37,935	\$ 65,976	\$ 58,912	\$ 51,091	\$ 45,090	\$ 40,421	\$ 42,571
Contributions in relation to the actuarially determined contributions	(37,935)	(424,303)	(58,912)	(51,091)	(45,090)	(40,421)	(42,571)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (358,327)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll for employer's fiscal year	\$ 398,240	\$ 385,549	\$ 371,157	\$ 370,163	\$ 323,320	\$ 301,224	\$ 290,280
Contributions as a percentage of covered payroll	9.53%	17.11%	15.87%	13.80%	13.95%	13.42%	14.67%
Notes to Schedule:							
Valuation date for contribution percentages	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012

Methods and assumptions used to determine contribution rates:

	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market
Actuarial method							
Amortization method							
Remaining amortization period							
Asset valuation method							
Inflation	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases							
Payroll growth	2.75%	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment rate of return and discount rate used to compute contribution rates.	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Investment rate of return and discount rate Retirement age							
Mortality							

50-67. Probabilities of retirement are based on the most recent CalPERS Experience Study.
Most recent CalPERS Experience Study.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Additional years will be added prospectively as they become available until 10 years are reported.

YUBA-SUTTER TRANSIT AUTHORITY

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

June 30, 2021

	<u>2021</u>	<u>2020</u>
Service cost	\$ 12,956	\$ 11,483
Interest	3,203	2,770
Differences between expected and actual experience	(895)	
Assumption changes	21,316	4,213
Net change in total OPEB liability	<u>36,580</u>	<u>18,466</u>
Total OPEB liability - beginning	<u>78,575</u>	<u>60,109</u>
Total OPEB liability - ending	<u><u>\$ 115,155</u></u>	<u><u>\$ 78,575</u></u>

Notes to schedule:

Valuation date	June 30, 2019	June 30, 2019
Measurement date	June 30, 2020	June 30, 2019
Discount Rate	2.21%	3.50%
Inflation	2.26%	2.26%
Salary increases	3.25%	3.25%
Healthcare trend:		
Initial rate	7.20%	7.20%
Trends down to	4.50%	4.50%
Mortality	2017 CalPERS Study	
Participation percentage	100%	100%

Note: No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

Benefit changes: Monthly minimum PEMHCA benefits increased to \$139 per month in 2020 from \$136 in 2019.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2020. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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
Yuba-Sutter Transit Authority
Marysville, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Yuba-Sutter Transit Authority (the Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 10, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 State grant programs)

As part of obtaining reasonable assurance about whether the Authority'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 financial statements. Our audit was further made to determine that Transportation Development Act (TDA) Funds allocated and received by the Authority were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6667 of the California Code of Regulations. We also tested the receipt and appropriate expenditures of other state grant funds, as presented in Note J of the financial statements, in accordance with 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 State grant program requirements.

To the Board of Directors
Yuba-Sutter Transit Authority

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 result of that testing, and not to provide an opinion on the effectiveness of the Authority'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 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

January 10, 2022



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

To the Board of Directors
Yuba-Sutter Transit Authority
Marysville, California

Report on Compliance for Each Major Federal Program

We have audited the Yuba-Sutter Transit Authority's, (the Authority) 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 Authority's major federal programs for the year ended June 30, 2021. The Authority'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 the Authority'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 U.S. 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 Authority'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 Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority 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, 2021.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority'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

To the Board of Directors
Yuba-Sutter Transit Authority

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 the Authority's internal control over compliance.

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

January 10, 2022

YUBA-SUTTER TRANSIT AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2021

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? | None Reported |
| 3. Noncompliance material to financial statements under <i>Government Auditing Standards</i> 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 Circular 2 CFR Section 200.516(a)? | No |

4. Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program</u>
20.507	Federal Transit Formal Grants

- | | |
|---|------------|
| 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 |

B. Current Year Findings – Financial Statements

Internal Control Over Financial Reporting

None

Compliance and Other Matters

None

YUBA-SUTTER TRANSIT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended June 30, 2021

C. Current year Findings and Questioned Costs – Federal Awards Programs

None

D. Prior Year Findings

None

YUBA-SUTTER TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor, if Applicable/ Program Title/Grant or Pass-through Number	Federal Assistance Listing (AL) Number	Pass-through Entity Identifying Number/Grant Number	Expenses
U. S. Department of Transportation, Federal Transit Administration			
Federal Transit Formula Grants, Direct Program			
Section 5307 - CARES Act	20.507		\$ 3,673,115
Total AL 20.507			<u>3,673,115</u>
Formula Grants for Rural Areas			
Section 5311 - CARES Act	20.509	64VO20-01054	162,445
Section 5311	20.509	64BO20-01463	84,240
Total AL 20.509			<u>246,685</u>
Total passed-through the State of California, Department of Transportation			<u>246,685</u>
Total U. S. Department of Transportation, Federal Transit Administration			<u>3,919,800</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 3,919,800</u></u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Yuba-Sutter Transit Authority under programs of the federal government for the year ended June 30, 2021. 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 Authority's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the Authority.

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 Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COSTS

The Authority did not charge indirect costs to its federal programs.

NOTE D – SUBRECIPIENTS

There were no subrecipients of the Authority's programs during the year ended June 30, 2021.