MEETING NOTICE & AGENDA

DATE: Thursday, January 18, 2024

TIME: 4:00 P.M.

PLACE: Board of Supervisors Chambers
Yuba County Government Center
915 8th Street
Marysville, California

I. Call to Order & Roll Call

Bains (Chair), Blaser, Buttacavoli, Flores, Fuhrer (Vice-Chair), Hudson, Kirchner, and Shaw

II. Board Business

A. <u>Election of Board Officers for 2024</u>. (Attachment)

RECOMMENDATION: Formal election of a Chair and Vice Chair to the Yuba-Sutter Transit Authority Board of Directors for calendar year 2024.

B. <u>Statements of Economic Interest for 2024</u>. (Attachment)

RECOMMENDATION: Information only.

C. <u>Annual Board Report for 2023</u>. (Attachment)

RECOMMENDATION: Information only.

III. Public Business from the Floor

Members of the public may address the Authority on items of interest that are within the Authority's jurisdiction and are <u>not</u> on the agenda for this meeting. Public comment regarding agenda items will be permitted as each agenda item is considered by the Board.

IV. Closed Session

A. **<u>Public Employee Performance Evaluation (Pursuant to Government Code Section 54957)</u>**

Position Title: Executive Director

V. Consent Calendar

All matters listed under the Consent Calendar are considered routine and can be enacted in one motion. There will be no separate discussion of these items prior to the time the Board votes on the motion unless members of the Board, staff, or public request specific items to be removed from the Consent Calendar for discussion or specific action.

A. Minutes from the Regular Meeting of December 21, 2023. (Attachment)
B. Disbursement List for December 2023. (Attachment)
C. Monthly Performance Report for December 2023. (Attachment)
D. Annual Investment Policy Review. (Attachment)

VI. Reports

A. Fiscal Year (FY) 2023 Financial Audit Report. (Attachment)

RECOMMENDATION: Receive and File the FY 2023 Financial Audit report, as presented.

B. Project & Program Updates.

1. Caltrans Binney Junction SR70 Project Phase 2 Easements
2. NextGen Transit Facility Project
3. State Transit Funding Update

RECOMMENDATION: Information only.

VII. Correspondence / Information

VIII. Other Business

IX. Adjournment

THE NEXT REGULAR MEETING IS SCHEDULED FOR THURSDAY, FEBRUARY 15, 2024 AT 4:00 P.M. IN THE BOARD OF SUPERVISORS CHAMBERS, YUBA COUNTY GOVERNMENT CENTER

If you need assistance to attend the Yuba-Sutter Transit Board Meeting, or if you require auxiliary aids or services, e.g., hearing aids or signing services to make a presentation to the Board, please contact the Yuba-Sutter Transit office at (530) 634-6880 or by email at info@yubasuttertransit.com at least 72 hours in advance so such aids or services can be arranged.

AGENDA ITEM II – A
STAFF REPORT

ELECTION OF BOARD OFFICERS FOR 2024

Background

Article V, Chairman and Vice Chairman, of the Bylaws of the Yuba-Sutter Transit Authority Board of Directors (Bylaws), adopted December 17, 2015, states the following:

"The Board shall annually elect a Chairman and Vice Chairman. The Chairman shall preside over all meetings of the Authority's Board of Directors. In the Chairman's absence the Vice Chairman shall serve in place of the Chairman. The Chairman may call special meetings but shall have no other power or authority greater than any other member of the Board. In the absence of the Chairman and Vice Chairman, a majority of the Board may designate from among its members an individual to act as Chairman Pro Tempore."

Discussion

The Bylaws do not designate term limitations for Board officers or identify a specific jurisdictional rotation for the Chair and Vice Chair. Customarily, new or returning Board officers are elected by formal action at the beginning of the first regular Board meeting of the calendar year and the two officers are typically chosen from alternate member jurisdictions. At this time, staff recommends the Board conduct elections for Chair and Vice Chair for calendar year 2024 in accordance with the Bylaws.

RECOMMENDATION: Formal election of a Chair and Vice Chair to the Yuba-Sutter Transit Authority Board of Directors for calendar year 2024.

AGENDA ITEM II – B
STAFF REPORT

STATEMENTS OF ECONOMIC INTEREST FOR 2024

Members of the Yuba-Sutter Transit Board of Directors and alternates are required to file annual Statements of Economic Interest with the Fair Political Practices Commission. For continuing members and alternates, these annual statements are due April 1, 2024. An Assuming Office Statement must be filed by new members and alternates to the Board within 30 days. For those leaving office, a Leaving Office Statement must be filed within 30 days.

These requirements may be met by filing an extended statement, which is a copy of the FPPC Form 700 that will be prepared for your individual jurisdiction. It must, however, include your position as a member or alternate of the Yuba-Sutter Transit Authority Board of Directors and have an original signature and date on the verification on Page 1. The information reported must cover all reportable interests in the service area which includes all of Yuba and Sutter Counties. Form 700 is available on-line, and a copy of the Yuba-Sutter Transit Conflict of Interest Statement Code is available upon request.

If you have any questions regarding the filing of your Statement of Economic Interest, please contact Lisa O'Leary in the administrative office at 530-634-6880.

RECOMMENDATION: Information only.

AGENDA ITEM II – C
STAFF REPORT

YUBA-SUTTER TRANSIT AUTHORITY ANNUAL REPORT
January 10, 2024

Organizational History

Yuba-Sutter Transit, known as the Hub Area Transit Authority (HATA) until January 1993, was formed in 1975 by Sutter and Yuba Counties and the Cities of Marysville and Yuba City as a joint powers agency (JPA) for the provision of public transit services. Since its inception, Yuba-Sutter Transit has carried out this charge by contracting with private transportation companies for the operation of all services.

From 1975 to 1979, service was provided exclusively to seniors and persons with disabilities through a contract with a local taxicab company for the "Our Car" taxi subsidy program. As a condition of a legal settlement with California Rural Legal Assistance (CRLA), this service was replaced and expanded in 1979 with the purchase of thirteen mini-buses to implement a general-public demand response service known as Dial-A-Ride. A network of local fixed routes was added in 1982. Since 1979, a regional or national transportation provider (currently Storer Transit Systems) has operated Yuba-Sutter Transit's core services.

In January 1988, following an independent operational analysis prompted by poor system performance, the service was significantly reduced with the elimination of the local fixed routes, Sunday service, and most rural area services in favor of a general-public zonal dial-a-ride system for the urban area. At the same time, Sutter County withdrew from the Authority to establish a taxi subsidy program for service to the unincorporated urban areas of the county. That service was discontinued when Sutter County rejoined the Authority in January 1991.

In response to the 1988 operational and organizational changes, CRLA filed another lawsuit against the Authority, the member jurisdictions and the Sacramento Area Council of Governments (SACOG). The resulting settlement agreement in 1990 led to the 1992 completion of a fixed route feasibility study and a comprehensive marketing plan. As a result of these studies, local fixed route service was reinstated, and the agency name was changed to the Yuba-Sutter Transit Authority (Yuba-Sutter Transit) effective January 1993.

Services Provided

In FY 2019, the last full fiscal year before the COVID-19 pandemic took hold locally, Yuba-Sutter Transit operated a combined 92,571 vehicle service hours and provided 931,951 one-way passenger trips with six local fixed routes, local demand response (Dial-A-Ride) service, intercity express commuter and midday service to downtown Sacramento, and three rural routes serving Live Oak, Wheatland, and the Yuba County foothills. In FY 2021, the first full fiscal year of the pandemic, the fleet operated a combined 76,888 vehicle service hours (down 17 percent from FY 2019) and provided just 347,891 one-way passenger trips (down 63 percent from FY 2019). However, systemwide ridership has continued to climb since the depths of the pandemic, increasing 29 percent from FY 2021 to FY 2022 and another 15 percent in FY 2023, despite a slight 3.5 percent decline in annual vehicle service hours provided over the same timeframe.

Local Fixed Routes: The local fixed route system provides service every 30 to 60 minutes on six routes serving Yuba City, Marysville, Linda, and Olivehurst. Service is provided each weekday from approximately 6:30 a.m. to 6:30 p.m. and from approximately 8:30 a.m. to 5:30 p.m. on Saturdays. Yuba-Sutter Transit does not operate any service on Sundays or major holidays.

Since early in the pandemic, due to reduced ridership levels, 12 buses have been used each weekday as Route 2 now operates hourly service rather than the previously scheduled half-hour service.

After being reintroduced in 1993, the local fixed route system experienced steady and often spectacular annual ridership growth in response to numerous service expansions and enhancements. In a typical pre-pandemic year, approximately 56 percent of the operation was provided as urban fixed route service. Fixed route ridership peaked in FY 2015 at 1,066,580 passenger trips before dropping each year to 731,507 trips in FY 2019, a four-year reduction of 31 percent. During the peak of the pandemic in FY 2021, local fixed route ridership dropped to just 307,518 passenger trips, down 58 percent from FY 2019. Through the first six months of FY 2024, however, local fixed route ridership is up over 60 percent compared to the same period in FY 2021.

Dial-A-Ride: This service is provided only within the urban area during regular weekday and Saturday fixed route service hours and weekday evenings from 6:00 p.m. to 9:30 p.m. Dial-A-Ride service is available only to seniors age 65 and over and persons with disabilities except during the weekday evening service hours when it is open to the general-public without restriction. Dial-A-Ride is also Yuba-Sutter Transit's complimentary paratransit service as required under the Americans with Disabilities Act (ADA). Before COVID-19, Dial-A-Ride carried 59,093 passenger trips in FY 2019, but ridership dropped during the peak of the pandemic to just 17,556 trips in FY 2021 (down 70 percent from FY 2019) and the number of Dial-A-Ride service hours operated were also cut by 31 percent due to reduced passenger demand. The local Dial-A-Ride service now accounts for approximately 23 percent of the operation. Through the first half of FY 2024, Dial-A-Ride ridership is up 67 percent over the same period in FY 2021, but it is still just 56 percent of the pre-pandemic level of FY 2019.

Commuter Services: Before the pandemic, approximately 15 percent of the operation was provided as service between Marysville/Yuba City and downtown Sacramento primarily as peak hour weekday commuter service. At the time, the Sacramento commuter service provided ten morning and ten afternoon peak hour schedules with another three midday schedules. Due to the pandemic induced collapse in ridership, peak hour commuter service was reduced to seven morning and seven afternoon trips in 2020, and further reduced to six peak trips each way and two midday roundtrips in November 2023. The midday schedules are used by many daily or occasional commuters, but they are also popular with those traveling to and from Sacramento for medical, education and other non-work purposes. These Sacramento services are provided with a fleet of 13 specially equipped 57 seat tour-style buses.

Sacramento ridership plateaued at just under 160,000 annual passenger trips from FY 2011 through FY 2014 and then gradually declined to a ten year low of 130,627 boardings in FY 2017 due to a combination of factors including the move of many state offices out of downtown Sacramento, lack of local population growth, stable and relatively low fuel prices, and service reliability challenges from an aging fleet of commuter buses. Sacramento ridership had since rebounded to 134,381 passenger trips in FY 2019 following the introduction of new commuter buses, new Highway 70 schedules, and other service adjustments in July 2019 to address capacity problems and persistent schedule adherence issues. Unfortunately, the Sacramento service was the most impacted by the pandemic as FY 2021 ridership dropped to just 20,003 passenger trips, down 85 percent from FY 2019. Even with the long-term closure of government offices and businesses in downtown Sacramento, ridership has begun to recover a bit, nearly doubling from the low in FY 2021 to FY 2023. However, ridership currently remains just under 35 percent of pre-pandemic levels.

Rural Services: Limited route deviation services to the Yuba County foothills and the Cities of Live Oak and Wheatland account for the remaining operations. The Foothill Route provides two round trips every Tuesday, Wednesday, and Thursday between selected foothill communities from Brownsville to Marysville. The Live Oak Route provides two round trips each weekday into Yuba City and Marysville. The Wheatland Route offers one round trip each weekday to Marysville. The Live Oak and Wheatland Routes operate under a fully allocated cost reimbursement agreement with those cities since they are not members of the Authority. Ridership on these limited rural services has historically varied significantly from year to year, but they were also impacted by the pandemic as their combined ridership dropped to just 2,814 passenger trips in FY 2021 (down 60 percent from FY 2019). and has since recovered to - percent of the pre-pandemic level of FY 2019.

Administration and Finance

Yuba-Sutter Transit is governed by a Board of Directors composed of two elected representatives from each of the four member jurisdictions. The Authority currently operates with a five-person staff including an Executive Director, Finance Manager, Planning Manager, a Program Analyst, and an Administrative Assistant. Starting in 1988, Yuba-Sutter Transit's staff also served as contract administrative staff to the Regional Waste Management Authority (RWMA) concurrent with their transit duties, but that shared staffing relationship ended in FY 2023. In addition, Yuba-Sutter Transit hired a new Executive Director for the first time in 36 years, replacing the long-time incumbent Keith Martin who officially retired in May after nearly 44 years of public service.

In the last full fiscal year 2023, Yuba-Sutter Transit's operating expenses (not including annual non-cash audit adjustments for GASB 68 and 75, depreciation, gain/loss on disposal, or compensated absences) were $8.2 million with nearly 72 percent accounted for in direct payments to the service contractor and another 15 percent in fuel and other direct operating expenses. For the fiscal year, the operating revenue mix was about 27 percent federal (Federal Transit Administration); 61 percent state and local (Transportation Development Act); 9 percent passenger fares; and 3 percent miscellaneous income from special state grants, advertising, interest, and contract service payments.

The adopted FY 2024 operating budget of $8.9 million is funded through a revenue mix of about 27 percent federal, 61 percent state and local, 9 percent passenger fares, and 3 percent miscellaneous income. The capital budget varies substantially from year to year (from less than $1 million to over $8 million in recent years) with funding derived from a mix of federal, state, and local sources depending on the project.

Major Projects

Facilities: Yuba-Sutter Transit relocated in May 1996 from an undersized, rented facility in Yuba City to its existing combined maintenance, operating, and administration facility (a remodeled former Seven-Up Bottling Company plant) at 2100 B Street in Marysville. This facility was remodeled and expanded again in 2011 to serve the site's projected ultimate maximum capacity of approximately 70 buses. Due to the 2018 adoption of state regulations requiring the purchase of only zero emission buses starting as early as 2026 and a state highway project that further restricts the current facility's expansion potential, Yuba-Sutter Transit conducted a state funded Next Generation Transit Facility site selection planning process resulting in the purchase of a 19.7-acre site at 6035 Avondale Avenue in Linda. This site will be used to construct a replacement transit facility for occupancy planned by the end of 2027. Approximately $41 million has been secured for this estimated $55 million project and the current focus is on securing the remainder of the necessary funding.

A Caltrans owned and operated park and ride lot opened on the northeast corner of Bogue Road and Highway 99 south of Yuba City in 1997 and expanded to the current 164 spaces in 2012 with federal and local funds obtained exclusively by Yuba-Sutter Transit. This facility site does have the capacity for further expansion when and if needed. Yuba County opened the McGowan Park & Ride Lot on Powerline Road at McGowan Parkway in 2008 and the Plumas Lake Park & Ride Lot on Feather River Boulevard east of Highway 70 in 2009. Both lots were sited and constructed by the county in coordination with Yuba-Sutter Transit. Project funding was provided through development impact fees collected by Yuba County from projects in both the North Arboga Study Area and the Plumas Lake Specific Plan and they are maintained with revenue provided through related local Community Service District assessments.

Yuba-Sutter Transit serves 285 designated (signed) bus stops including nine that are owned by the Sacramento Regional Transit District in or near downtown Sacramento. Among the local and rural Yuba-Sutter Transit bus stops, 54 bus stop shelters, and 132 bus stop benches/seats have been placed at high boarding locations and other key points. Of these, 32 shelters and 69 benches are owned and/or maintained by Lamar Advertising. Except for five Wheatland owned shelters, the remaining units are owned by Yuba-Sutter Transit. The ad shelters and benches are provided at no cost to Yuba-Sutter Transit in exchange for the exclusive right to sell and place advertising on them while paying a small commission on the sale of each ad. In addition, 50 pole-mounted route information panels are located throughout the system and bike lockers are available at three of the five local commuter bus stops.

Vehicles: The current revenue vehicle fleet includes 22 local fixed route buses, 16 demand response (Dial-A-Ride) buses and 13 specially equipped intercity commuter buses. The local fixed route buses are all modern, heavy-duty low- floor buses with seated capacities of 31 or 32 passengers. The demand response buses are on cutaway van chassis with a seated capacity of 16 passengers. Primarily used for the Dial-A-Ride service, these small buses are also used on rural routes and to back-up the local fixed route fleet. The commuter buses are all high-floor, tour-style buses with a seated capacity of 57 passengers. Six replacement demand response buses are now on order for delivery later this year, but the next major fleet replacement project is not scheduled until 2025.

Service Planning: Yuba-Sutter Transit has faced many of the same issues that most U.S. transit agencies (large and small) have faced over the last eight to ten years from steadily declining ridership in the five years leading up to the COVID-19 pandemic, to the ridership collapse in FY 2020 and FY 2021. While it bounced back significantly in FY 2022 and FY 2023, systemwide ridership is still only about 60 percent of the pre-pandemic FY 2019 level and less than 40 percent of Yuba-Sutter Transit's peak of FY 2015, as people are now doing life (work, education, shopping, medical, social, etc.) much differently than they did just four, and certainly eight, years ago. In response, the Board of Directors commissioned the development of the NextGen Transit Plan (Plan), the implementation of which, over the next four years, will result in a largely re-imagined system to better meet the travel needs of the community without a significant increase in expenditures even as the agency adjusts to meet the state-mandated shift to zero-emission vehicles.

The Plan's recommendations are broken into four phases beginning in FY 2024. When the plan is fully implemented, Yuba-Sutter Transit ridership is projected to increase by 45 percent and its coverage area will increase by 60 percent at approximately the same inflation adjusted operating cost. The key Plan service recommendations include the following:

- Implement a new zonal on-demand (microtransit) service in the urban portion of the service area to provide more responsive and accessible local service to the entire urban population.
- Reduce the local fixed route system from six to two routes and streamline the remaining routes to connect the on-demand zones and major trip generators for faster and more direct crosstown service.
- Consolidate and re-set the Sacramento service to better reflect current ridership patterns.
- Create a first-ever Highway 65 service to the Roseville Galleria Transit Center for connections with Roseville Transit and Placer County Transit.
- Develop a Volunteer Driver Program to extend and enhance service in the more rural communities of the region.

Plan implementation is already underway as the adopted FY 2024 budget includes funding for the recruitment of new staff, the selection of new technology, and the initiation of the environmental and design stages of the new transit facility. The following actions were approved in July and September, respectively: 1.) Making the pandemic-related Route 2 weekday schedule reductions permanent; and 2.) Consolidating and re-setting the Sacramento service to reflect current ridership.
The second phase (FY 2025) includes implementation of the first on-demand zone in Yuba City, a streamlined crosstown Route 1 from west Yuba City to Yuba College in Linda, elimination of Routes 2 and 5, later weekday evening service,

elimination of the weekday evening Dial-A-Ride service, and the new Highway 65 route to Roseville. During this phase, construction is expected to begin on the new transit facility and the process to purchase 15 zero-emission on-demand buses and one zero-emission commuter bus (all largely TIRCP grant funded) for delivery in late FY 2027 is expected to commence.

In the third phase (FY 2026), the on-demand service would expand to include Marysville and Linda, Routes 4 and 6 would be eliminated, Route 3 would be restructured to directly serve the Peach Tree Clinic, the ADA/Dial-A-Ride service would be comingled with the new on-demand system, and technology support would be provided for volunteer driver programs in Challenge and Dobbins. During this phase, while transit facility construction continues, the zero-emission on-demand and commuter buses will be ordered for delivery in late FY 2027.

The final phase (FY 2027) will begin with the roll-out of the Olivehurst/North Arboga on-demand zone to complete that system. Depending on ridership and population growth, future phases could include the expansion of the Highway 65 service and/or implementation of a Plumas Lake on-demand zone. Construction of the new transit facility is expected to be complete in early 2027 in time to accept delivery on the zero-emission on-demand and commuter buses in late FY 2027.

Technology: Yuba-Sutter Transit has added new technology in recent years as cost/benefit ratios have improved including on-board video surveillance systems on all buses; the replacement of an obsolete mobile radio system; the installation and ongoing upgrade of video surveillance systems at three park and ride lots; the regional Connect Card electronic fare payment system; free passenger Wi-Fi service on all commuter and local fixed route buses; and a real- time bus tracking passenger information system with both visual and audio automatic bus stop announcements. Technology projects still being considered include a computer aided dispatch software system for the Dial-A-Ride service with an on-line trip reservation system and real-time passenger information.

Current and Future Issues

Until the COVID-19 pandemic, steady growth in federal transit funding, enhanced state transportation funding, special state greenhouse gas reduction funding programs, fare increases, and a conservative budgeting approach had all combined to establish a strong financial foundation. Due to the still ongoing impacts of the pandemic, that foundation is less certain for the foreseeable future with the exhaustion of federal COVID relief funding and the apparent budget deficits that may affect state funding levels in the future. The most immediate question for 2024 and beyond is how ridership and fare revenues will respond to the strategic service adjustments and operational approaches implemented to right-size the system and more quickly recover from the pandemic.

As noted earlier under “Major Projects”, the most immediate organizational challenge resulted from the 2018 decision by the California Air Resources Board (CARB) to mandate the purchase of zero-emission buses (ZEBs) by all public transit agencies. For agencies like Yuba-Sutter Transit with a fleet of under 100 buses, the Innovative Clean Transit (ICT) regulation requires that at least 25 percent of all buses purchased be powered by either battery electric or hydrogen fuel cell systems beginning in 2026. All transit agencies, regardless of fleet size, will be required to purchase only ZEBs starting in 2029. While this regulation will significantly increase the cost of buses, the greater impact to Yuba-Sutter Transit is the need to replace the current operating and maintenance facility within the next seven or eight years to accommodate the infrastructure to support the large-scale conversion to zero-emission buses.

Beyond these immediate issues, the ability to meet the anticipated demand for transit services both effectively and efficiently in the future will be a challenge as the approved or planned large scale developments in Yuba and Sutter

Counties are largely in areas where public transportation is mostly non-existent. The potential demand for services of every kind from these projects will severely stretch what in most cases is still just a minimal level of service. To compound the problem, except for the fees that are being collected by Yuba County for the development and operation of their two park and ride lots, routine impact fees have not otherwise been required from new developments for the capital and operating revenue necessary to serve those developments which will result in even more pressure on the limited available local transit funding sources.

Plumas Lake and Sutter Pointe are two examples of this challenge because of their size and locations well outside of the existing transit service area; their low density, single-family residential nature; and their primary market being out-of- area commuters. Many of those attracted by the lower cost of living and proximity to employment centers in the mid-valley, will be commuting to work in Placer, Sacramento, and Yolo Counties and beyond. In addition to these developments, thousands of new homes along with many hundreds of thousands of square feet of new commercial projects have either been approved or are under consideration across the region. Even recent projects such as Yuba College's Sutter County Center or the Hard Rock Hotel & Casino Sacramento at Fire Mountain present significant operational and financial challenges because of the placement of these obvious trip generators far from any existing service with no additional funding to support any related service expansion.

Even without population growth, the demand for specialized services for seniors and persons with disabilities is expected to grow significantly according to all population projections. Also, specialized services that are now provided through the Alta California Regional Center for the developmentally disabled are limited and Yuba-Sutter Transit's own Dial-A-Ride service was already operating at or near capacity levels during peak periods.

Summary

After five years of steady decline between FY 2015 and FY 2020, systemwide ridership fully cratered to a 25 year low in FY 2021 due almost exclusively to the COVID-19 pandemic. While ridership has since recovered significantly through the first half of FY 2023, it remains well below the pre-pandemic level of FY 2019. Given continued work-at-home policies by the State of California and others; the embracing of remote or hybrid work as a long-term employment and education model; and the ever-increasing use of virtual health care and home goods delivery; there is no way of knowing when or even if ridership will return to anything approaching pre-pandemic levels. It is possible that this question may not be fully answered for several years at best.

While 25 years of extraordinary ridership growth from 1990 to 2015 and a historically conservative fiscal and operational approach has allowed Yuba-Sutter Transit to weather the pandemic better than many other systems to-date, accelerating the current ridership growth trends and positioning the agency for the future including the provision of a new facility will be the focus of the organization over the next five years. Despite the challenges, Yuba-Sutter Transit still operates among the widest range of services, at what is likely still among the lowest cost per vehicle service hour compared to other urban systems in California. However, the mix and level of these services must continually be evaluated in response to both demonstrated passenger demand as well as ever-changing federal, state, and local funding and policy priorities and mandates.

Attachments

Yuba-Sutter Transit Ten-Year System Fact Sheet (Revised January 2024)
Summary of Key Events (Revised January 2024)

YUBA-SUTTER TRANSIT -- SYSTEM FACT SHEET

Revised January 10, 2024 with Audited Figures For FY 2023 and Projected Year-End Operational & Financial Figures for FY 2024

	AUDITED FY 13/14	AUDITED FY 14/15	AUDITED FY 15/16	AUDITED FY 16/17	AUDITED FY 17/18	AUDITED FY 18/19	AUDITED FY 19/20	AUDITED FY 20/21	AUDITED FY 21/22	AUDITED FY 22/23	PROJECTED FY 23/24
REVENUE FLEET											
Dial-A-Ride / Rural Buses (16 Seats)	16	16	16	16	16	16	16	16	16	16	21
Local Fixed Route Buses (31 or 32 Seats)	22	22	22	22	22	22	22	22	22	22	22
Intercity Commuter Buses (57 Seats)	13	13	13	13	13	13	13	13	13	13	11
Total	51	51	51	51	51	51	51	51	51	51	54
SERVICE HOURS											
Fixed Route	50,542	50,623	51,526	52,472	51,126	51,966	51,817	47,564	43,746	43,806	43,000
Dial-A-Ride	24,054	24,674	24,812	24,771	24,476	25,387	24,291	16,782	17,562	17,191	20,600
Sacramento (Commuter & Midday)	13,731	13,536	13,373	13,530	13,449	13,817	14,060	10,199	10,567	10,637	9,600
Rural (Foothill, Live Oak & Wheatland)	1,810	1,811	1,837	2,374	2,314	2,343	2,404	2,343	2,881	2,539	2,800
Total	90,136	90,644	91,549	93,147	91,365	93,513	92,571	76,888	74,757	74,173	76,000
PASSENGER TRIPS											
Fixed Route	1,045,508	1,066,580	971,606	858,384	817,937	731,507	567,842	307,518	385,314	442,664	504,637
Dial-A-Ride	69,672	70,088	70,047	68,023	66,230	59,093	41,526	17,556	28,894	30,480	31,699
Sacramento (Commuter & Midday)	158,213	154,896	144,327	130,627	132,626	134,381	107,551	20,003	29,212	38,456	40,763
Rural (Foothill, Live Oak & Wheatland)	6,218	5,058	6,285	6,181	5,843	6,970	4,991	2,814	5,149	4,776	5,731
Total	1,279,611	1,296,622	1,192,265	1,063,215	1,022,636	931,951	721,910	347,891	448,569	516,376	582,831
PASSENGER TRIPS / SERVICE HOUR											
Fixed Route	20.7	21.1	18.9	16.4	16.0	14.1	11.0	6.5	8.8	10.1	11.7
Dial-A-Ride	2.9	2.8	2.8	2.7	2.7	2.3	1.7	1.0	1.6	1.8	1.5
Sacramento (Commuter & Midday)	11.5	11.4	10.8	9.7	9.9	9.7	7.6	2.0	2.8	3.6	4.2
Rural (Foothill, Live Oak & Wheatland)	3.4	2.8	3.4	2.6	2.5	3.0	2.1	1.2	1.8	1.9	2.0
Total	14.2	14.3	13.0	11.4	11.2	10.0	7.8	4.5	6.0	7.0	7.7
OPERATING EXPENSES*	$6,283,876	$6,350,674	$6,407,831	$6,719,268	$7,265,304	$7,296,280	$7,963,609	$7,461,312	$7,890,479	$8,219,568	$8,937,000
OPERATING REVENUES											
Federal	$2,407,718	$2,386,000	$2,328,256	$2,267,330	$2,359,913	$2,325,329	$3,445,760	$3,919,800	$3,788,900	$2,427,517	$2,400,000
State & Local (TDA)	2,394,870	2,478,966	2,613,445	2,888,072	3,558,703	3,533,844	3,005,412	2,651,032	2,960,911	4,408,478	5,454,000
Miscellaneous	42,432	39,029	131,322	285,218	178,263	190,773	440,980	354,508	377,712	572,567	263,000
Fares	1,438,856	1,446,679	1,334,808	1,278,648	1,168,425	1,246,334	1,071,457	535,972	762,956	811,006	820,000
Total	$6,283,876	$6,350,674	$6,407,831	$6,719,268	$7,265,304	$7,296,280	$7,963,609	$7,461,312	$7,890,479	$8,219,568	$8,937,000
AVERAGE FARE / PASSENGER	$1.12	$1.12	$1.12	$1.20	$1.14	$1.34	$1.48	$1.54	$1.70	$1.57	$1.41
FARE RECOVERY RATIO**	22.9%	22.6%	20.8%	19.0%	17.9%	18.5%	16.6%	9.0%	9.7%	9.9%	9.2%
OPERATING COST / PASSENGER	$4.91	$4.90	$5.37	$6.32	$7.10	$7.83	$11.03	$21.45	$17.59	$15.92	$15.33
OPERATING COST / SERVICE HOUR	$69.72	$70.06	$69.99	$72.14	$79.52	$78.02	$86.03	$97.04	$105.55	$110.82	$117.59

* Operating expenses do not include non-cash audit adjustments for GASB 68 and 75, depreciation, gain/loss on disposal, or compensated absences

** Audited farebox recovery ratio is 42.99%. Pursuant to the Transportation Development Act, Yuba-Sutter Transit's minimum required farebox recovery ratio is 14.6%

YUBA-SUTTER TRANSIT
SUMMARY OF KEY SYSTEM EVENTS
REVISED JANUARY 10, 2024

July 1, 1975	Effective date of the Hub Area Transit Authority joint powers agreement (JPA) and the "Our Car" subsidized taxi service for seniors and persons with disabilities
August 1979	Replacement of "Our Car" with a general public Dial-A-Ride service
September 1982	First urban fixed routes introduced
January 1988	Replacement of fixed route service with a general public "Zonal" Dial-A-Ride system which, when combined with other cuts, resulted in a 37 percent service reduction from FY 1986-87 to FY 1988-89 / Sutter County withdraws from the JPA
July 1990	Sacramento Commuter service begins on Highway 70 with two 15-passenger buses
January 1991	Sutter County rejoins the JPA
January 1993	Agency renamed as the Yuba-Sutter Transit Authority with the reintroduction of urban fixed route service and the restructuring of the Dial-A-Ride service
Aug./Sept. 1994	Expansion of the Sacramento Commuter service into the Highway 99 corridor and the start of a subsidized vanpool program which ended December 2000
November 1994	Weekday evening subsidized taxi service begins (ended June 1999)
March 1995	New clockwise Marysville route and all local fixed route and commuter buses equipped with bike racks (on all buses by June 1997)
May/June 1996	Occupied the remodeled former Seven-Up plant in Marysville as the operations, maintenance, and administration facility / First summer youth bus pass program.
August 1997	Opened the Bogue Road Park & Ride Lot (nearly doubled in sized in March 2012)
April 1998	Initiation of Downtown Trolley demonstration service (ended December 1998)
July/August 1998	Added bi-directional Route 4 service, Saturday fixed route service and an expanded Dial-A-Ride boundary / Monthly passes & discount ticket book programs initiated
Aug./Sep. 1999	Introduction of weekday evening general public Dial-A-Ride service and weekday commuter service to the Lincoln Airport Industrial Park (ended January 2004)
April 2001	Introduction of Route 5 and half hour service frequencies on Routes 1 and 3
September 2003	Introduction of monthly fixed route pass for youth with deep discounts in other pass rates; Saturday Route 4B service; the North Beale Transit Center; and, bus stop information panels
July 2004	Saturday service hours extended one hour to 5:30 p.m. and a noon Sacramento schedule is added
September 2005	Initiation of the FRAQMD funded year-round Discount Monthly Youth Pass Program (combined in 2015 with similar discount pass programs for seniors and persons with disabilities)
October 2006	Route 6 (Linda Shuttle) is added to allow Route 1 to be extended to the Yuba City Marketplace and

	River Valley High School (school segment was delayed until Oct. 2007) and half hour service frequencies are added to Routes 1 & 3 on Saturdays
December 2008	Opening of the McGowan Parkway Park & Ride Lot and delivery of 12 low-floor local fixed route buses to replace 8 old buses to greatly enhance accessibility, speed passenger boarding and allow for Route 2 expansion
January 2008	Expansion of the Wheatland Route to two days a week with other route, schedule, stop and policy changes to eliminate advance reservation requirement
January 2009	Expansion of Route 2 to half-hour service each weekday; expansion of the Live Oak Route from one to two round trips three days a week; and, Foothill route, schedule, stop and policy changes to eliminate advance reservation requirement
October 2009	Opening of the Plumas Lake Park & Ride Lot
January 2010	Install video surveillance system on all local fixed route buses (now on all buses)
April 2010	Introduction of the first tour-bus style, 57-seat, 45’ commuter buses (now standard)
January 2012	Completion of the remodel and expansion of the existing operations, maintenance and administration facility to its maximum capacity
April 2013	Initiation of the FRAQMD funded Discount Monthly Senior Pass Program
January 2014	Initiation of a FRAQMD funded one-year demonstration Discount Monthly Disabled Pass Program (combined in 2015 with similar discount pass programs) / Delivery of 11 heavy duty low floor replacement & expansion fixed route buses for an all low-floor fixed route fleet
July 2015	Expansion of the Live Oak Route from three to five days a week which included service to Yuba College’s Sutter County Center
September 2015	Local fixed route changes to move Route 1 out of the mall; realign Route 4A with Route 4B; and other related and miscellaneous changes
December 2015	Mercy Housing funded Wheatland route expansion to one round trip each weekday
June 2017	Introduction of the regional Connect Card and related fare policy changes
July 2018	Complete the conversion to an all tour-bus style commuter bus fleet / Full Connect Card conversion (drop paper passes & transfers) / Installation of free Wi-Fi service on all commuter buses (added to the local fixed route fleet in March 2019)
June/July 2019	Added a bus tracking system with predictive arrival times for passenger use on all local, rural and Sacramento schedules / Systemwide fare and fare policy changes / Sacramento service expansion in the Highway 70 corridor for a total of 23 weekday schedules / Significant bus stop enhancements (new shelters and Simme seats)
November 2019	Delivery of 11 replacement buses for an all Gillig heavy-duty local fixed route fleet
March 2020	Local start of the on-going COVID-19 pandemic leading to a host of temporary operational and policy changes many of which remain in effect for FY 2023.

July 2021	Purchased a 19.7-acre replacement facility site at 6035 Avondale Avenue in Linda.
May 2023	Adoption of the NextGen Transit Plan recommending significant service changes, staffing, and technology implementations.
July 2023	Retirement and replacement of the long-time Executive Director / Permanent Route 2 service frequency reductions
November 2023	Permanent elimination of the six Sacramento schedules suspended during the pandemic and elimination of an additional AM, PM, and midday commuter schedule.
December 2023	Board approval of NextGen Transit Plan related IT, staffing, and public outreach initiatives

AGENDA ITEM V – A

YUBA-SUTTER TRANSIT AUTHORITY
MEETING MINUTES
DECEMBER 21, 2023

I. Call to Order & Roll Call (4:13 P.M.)

Present: Blaser, Flores, Fuhrer (Vice Chair), Kirchner, Shaw
Absent: Bains (Chair), Buttacavoli, and Hudson

II. Public Business from the Floor

None.

III. Consent Calendar

Director Kirchner made a motion to approve the consent calendar. Director Blaser seconded the motion and it carried unanimously.

IV. Reports

A. Surplus Declaration for Disposal of Two Intercity Commuter Buses.

Executive Director Mauk stated that the two intercity commuter buses proposed for disposal have exceeded the federal useful life standard for age and mileage of twelve years or 500,000 miles and are no longer needed for the current level of commuter service being provided.

Director Blaser asked about the three buses that were leased out and Mauk confirmed these vehicles were two of the three vehicles that were leased by YARTS and recently returned.

Director Blaser made a motion to adopt Resolution No. 14-23 declaring certain vehicles to be surplus and authorizing their disposal as proposed. Director Kirchner seconded the motion and it carried unanimously.

B. Ongoing Information Technology (IT) Support Services Contract Award.

Mauk stated that Transit released an RFP in September 2023 for ongoing IT support. Four proposals were received, with three being deemed responsive, including the incumbent firm. The written proposals were evaluated by a three-member internal panel according to the RFP criteria of price, qualifications, and project approach. Based on the panel's evaluation, the award was recommended to Alliant Networking Services as representing the best value. Alliant is the current incumbent firm and was the low bidder.

Mauk stated that if approved, Yuba-Sutter staff would work with legal counsel to finalize a contract for a three-year base term, to not exceed $137,400 in value, and two one-year options.

Director Kirchner made a motion to authorize the Executive Director to execute a professional services contract with Alliant Networking Services, Inc. for IT support services, as proposed. Director Blaser seconded. The motion carried with Director Flores abstaining.

C. NextGen Transit Plan Marketing and Public Outreach Strategy.

Mauk stated there are significant changes to our core services recommended in the NextGen Plan which will be implemented in phases over the next few fiscal years. Phase 1 includes hiring new staff, which is detailed in the following agenda item. With the requested action, staff also recommends procuring services from a qualified consultant to help develop a detailed strategy, an implementation plan, and provide technical support for the marketing effort. As discussed in the NextGen Transit Plan, this could include rebranding of our overall service, sub-branding of new services, conducting public outreach, developing marketing materials, a website refresh, and advertising campaigns.

Mauk stated that staff is considering using a CMAS state contract as well as a traditional RFP and any resulting contract would be brought back to the board for approval.

Mauk stated that a cost estimate was still being developed, but the current fiscal year budget for professional services and promotions is $215,000. This effort is expected to come well below the budgeted amount during the fiscal year and actual expenses to date are under $20,000, so no budget adjustments are necessary.

Director Fuhrer asked if we don't do branding will our ridership drop, or will most riders still use our services if we just tell them how? Mauk stated that whatever we implement, there will be a segment of our riders that will have to use our services in whatever way they can. However, a strong marketing effort to educate our riders and our internal customers on how and why we are making changes is recommended in order to foster successful implementation.

Director Fuhrer recommended a measured approach that would not utilize the full $200,000 for consultant services. Mauk stated that staff would ensure cost efficiency. The board directed staff to proceed with a consultant contract as proposed.

D. NextGen Transit Staffing Plan Implementation.

Mauk stated that the NextGen Transit Plan included a staffing plan, and staff is now requesting authorization to add a new Program Analyst I/II to the agency's staff allocation, approval of a new job description, and direction to recruit for the position.

Mauk stated that the approved NextGen Transit Plan recommended adding a total of two new staff positions. With the board's support, an alternative contracting approach was taken for IT support as discussed in a previous agenda item. In the approved plan it was recommended to add a new job classification dedicated to Public Outreach. However, with the requested action, the staff is recommending adding a second position under the existing Program Analyst classification. The Program Analyst job description already included marketing support and the recommended version has been revised to increase the agency's capacity to launch and support the NextGen Transit Plan. The projected costs of this action is within the approved FY 2024 budget allowance of $40,000 for salary and benefits.

Director Fuhrer asked if the person that is hired in item "D" will be overseeing and getting help from the action on item "C" and when complete, will they be doing community support or will they change slightly? Mauk responded that it will likely change slightly, as our current Program Analyst already does public outreach and marketing. This new position will be extremely involved in public outreach and marketing, but not exclusively.

Director Kirchner made a motion to approve all actions, as proposed. Director Flores seconded the motion, and it was carried unanimously.

E. Project & Program Updates.

1. FRAQMD Blue Sky Grant Award

Mauk stated that Yuba-Sutter Transit submitted a $100,000 application for a 2023 FRAQMD Blue Sky grant to continue the discount monthly pass program for youth, seniors, and persons with disabilities, for one more year. The FRAQMD Finance committee met on November 7th to hear their staff's recommendation for award, and the program was over prescribed. However, FRAQMD staff identified additional funds, increasing the available amount from $120,000 to $165,000, and Yuba-Sutter Transit was recommended for an award of $98,000. Mauk reported that the FRAQMD Board approved the committee's recommendation on December 4th.

2. SB 125 Initial Funding Round

Mauk reported SB 125 is a significant amount of funding available under a state budget trailer bill to support transit operating and capital needs with two sources to be allocated through SACOG. The total available allocation within our region over the next 4 years is about $280 million.

The SACOG board met on December 11th and staff recommended funding a number of projects for SacRT in the amount of $45 million and didn't allocate the rest of the money. Based on SACOG's staff recommendation, almost all were matching funds for future grants and our NextGen Transit Facility was not included.

During the SACOG board meeting staff made an appeal to have our project considered, and there was additional discussion, but the recommendation carried as proposed by staff and the NextGen Facility was not included.

Thanks to Chair Bains, we are scheduling a meeting with the SACOG Executive Director in early January 2024 to discuss our project in more detail.

Staff will continue to apply for federal and state funds. The next possible source will likely be a third application for the Low No Grant Program due in the spring.

3. NextGen Transit Facility Project

Mauk reported the RFP for the environmental review has not yet been released. Staff is anticipating contracting for addition consultant support under the CMAS program to help finalize the RFP and conduct the solicitation. Staff will also pursue a fair market appraisal of the current property.

V. Correspondence / Information

None.

VI. Other Business

A. Mauk reminded the board about the service holidays for Christmas and New Year's.

B. Director Blaser asked about the status of the Storer contract. Mauk responded that the Storer contract is in the first of two, two-year options, which went into effect October 1, 2023.

VII. Adjournment

The meeting was adjourned at 4:43 pm.

THE NEXT REGULAR MEETING IS SCHEDULED FOR THURSDAY JANUARY 18, 2024, AT 4:00 P.M. IN THE YUBA COUNTY BOARD OF SUPERVISORS CHAMBERS UNLESS OTHERWISE NOTICED.

AGENDA ITEM V - B
YUBA-SUTTER TRANSIT
DISBURSEMENT LIST
MONTH OF DECEMBER 2023

CHECK NO.		AMOUNT	VENDOR	PURPOSE
EFT	$	8,271.78	CALPERS HEALTH	HEALTH INSURANCE
EFT	$	4,488.06	CALPERS RETIREMENT	RETIREMENT PAYMENT (EMPLOYER SHARE)
EFT	$	729.00	CALPERS 457 PLAN	EMPLOYER CONTRIBUTION
EFT	$	52,281.99	PAYROLL	PAYROLL
EFT	$	1,721.75	PRINCIPAL MUTUAL LIFE INSURANCE	L/D/LTD INSURANCE
EFT	$	36.89	CALIFORNIA WATER SERVICE	FIRE SUPPRESSION - DECEMBER 2023
EFT	$	297.94	CALIFORNIA WATER SERVICE	WATER
EFT	$	4,441.85	PG&E	ELECTRIC #1 11/10/2023 - 12/11/2023
EFT	$	59.42	PG&E	ELECTRIC #2 - PARKING LOT LIGHTS - DECEMBER 2023
EFT	$	668.17	PG&E	GAS - NOVEMBER 2023
EFT	$	359.78	COMCAST BUSINESS	INTERNET SERVICES - DECEMBER 2023
EFT	$	389.29	COMCAST BUSINESS	TELEPHONE SERVICES - DECEMBER 2023
EFT	$	8,733.90	RAMOS OIL COMPANY	BUS FUEL - GAS 11/11/2023 - 11/30/2023
EFT	$	4,326.41	RAMOS OIL COMPANY	BUS FUEL - GAS 12/1/2023 - 12/10/2023
EFT	$	1,230.00	CALIFORNIA AIR RESOURCE BOARD	CLEAN TRUCK CHECK FILING FEE
EFT	$	720.00	RICH, FUIDGE, BORDSEN & GALYEAN, INC	LEGAL SERVICES 11/16/2023 - 12/10/2023
EFT	$	333.41	MACQUARIE EQUIPMENT CAPITAL INC	COPY MACHINE RENTAL - NOVEMBER 2023
EFT	$	545.35	CARDMEMBER SERVICES	CREDIT CARD -SUBSCRIPTIONS, LANYARDS & TRAINING
EFT	$	238.83	UTILITY MANAGEMENT SERVICES	SEWER - DECEMBER 2023
EFT	$	221.60	PRIMEPAY	PAYROLL FEES - NOVEMBER 2023
EFT	$	129.50	ELAVON	MERCHANT SERVICE FEE - DECEMBER 2023
18649	$	298.66	ADVANCED DOCUMENTS CONCEPTS	COPY MACHINE CHARGES - NOVEMBER 2023
18650	$	175.00	ALL SEASONS TREE & TURF CARE	LANDSCAPING & WEED CONTROL - NOVEMBER 2023
18651	$	3,500.00	CALIFORNIA TRANSIT ASSOCIATION	2024 PUBLIC TRANSIT SYSTEMS MEMBERSHIP DUES
18652	$	2,224.21	CONNECT CARD REGIONAL SERVICE CENTER	CONNECT CARD SALES - NOVEMBER 2023
18653	$	26,120.01	LAKEVIEW PETROLEUM COMPANY	BUS FUEL - DYED DIESEL
18654	$	633.00	MATTHEW MAUK	REIMBURSEMENT - ZEB WORKSHOP IN CLOVIS
18655	$	1,100.00	RC JANITORIAL	JANITORIAL SERVICES - NOVEMBER 2023
18656	$	880.17	SC FUELS	DEF FLUID
18657	$	528,446.73	STORER TRANSIT SYSTEMS	CONTRACT SERVICES & VEHICLE INSURANCE - 10/2023
18658	$	16,255.88	STORER TRANSIT SYSTEMS	SPECIAL EVENT SHUTTLING - SIKH PARADE
18659	$	535.00	STREAMLINE	WEBSITE SERVICES - DECEMBER 2023
18660	$	68.79	SUTTER COUNTY LIBRARY	CONNECT CARD SALES COMMISSION - NOV 2023
18661	$	1,670.20	T-MOBILE	WIFI SERVICES ON BUSES - NOVEMBER 2023
18662	$	394.27	ADAM HANSEN	MILEAGE REIMBURSEMENT - 6/17/2022 TO 12/8/202
18662	$	279.13	ADAM HANSEN	REIMBURSEMENT - ZEB WORKSHOP IN CLOVIS
18663	$	1,350.00	ALL SEASONS TREE & TURF CARE	ANNUAL WEED CONTROL - APPLIED 12/1/2023
18664	$	1,945.00	ALLIANT NETWORKING SERVICES INC	IT SERVICES - JANUARY 2024
18665	$	200.00	APEX PRESSURE WASHING	CLEAN BUS STOP - 626 3RD ST, MARYSVILLE
18666	$	1,120.00	CAL ACT	2024 MEMBERSHIP RENEWAL FEE
18667	$	310.00	LAMAR ADVERTISING	COMMUTER BUS ADS
18668	$	2,800.00	MARCUS H BOLE & ASSOCIATES	ENVIRONMENTAL SERVICES AT 6035 AVONDALE AVE
18669	$	1,445.05	QuEST	MAINTENANCE OF BUS STOPS/SHELTERS - 11/23
18670	$	660.40	QUILL CORPORATION	JANITORIAL SUPPLIES: PAPER TOWELS, TOILET PAPER, SOAP & TRASH BAGS
18671	$	4,284.00	REI	ANNUAL RENEWAL FEE 1/1/24 - 12/31/24
18672	$	24,391.59	SC FUELS	BUS FUEL - DYED DIESEL
18673	$	896.79	SC FUELS	DEF FLUID
18674	$	565.47	SECURITAS TECHNOLOGY CORPORATION	SECURITY SERVICES - JANUARY 2024
18675	$	55.00	SHELBY'S PEST CONTROL	PEST CONTROL SERVICES - DECEMBER 2023
18676	$	7,483.50	SUTTER BUTTES COMMUNICATIONS INC	SERVICE AGREEMENT & REPEATER FEES - 1/24 TO 3/24
18677	$	2,810.15	TEHAMA TIRE SERVICE INC	TUBES/TIRES
18678	$	15,875.00	CROWDER TREE SPECIALIST	VEGETATION REMOVAL - 6035 AVONDALE AVE
	$	738,997.92		

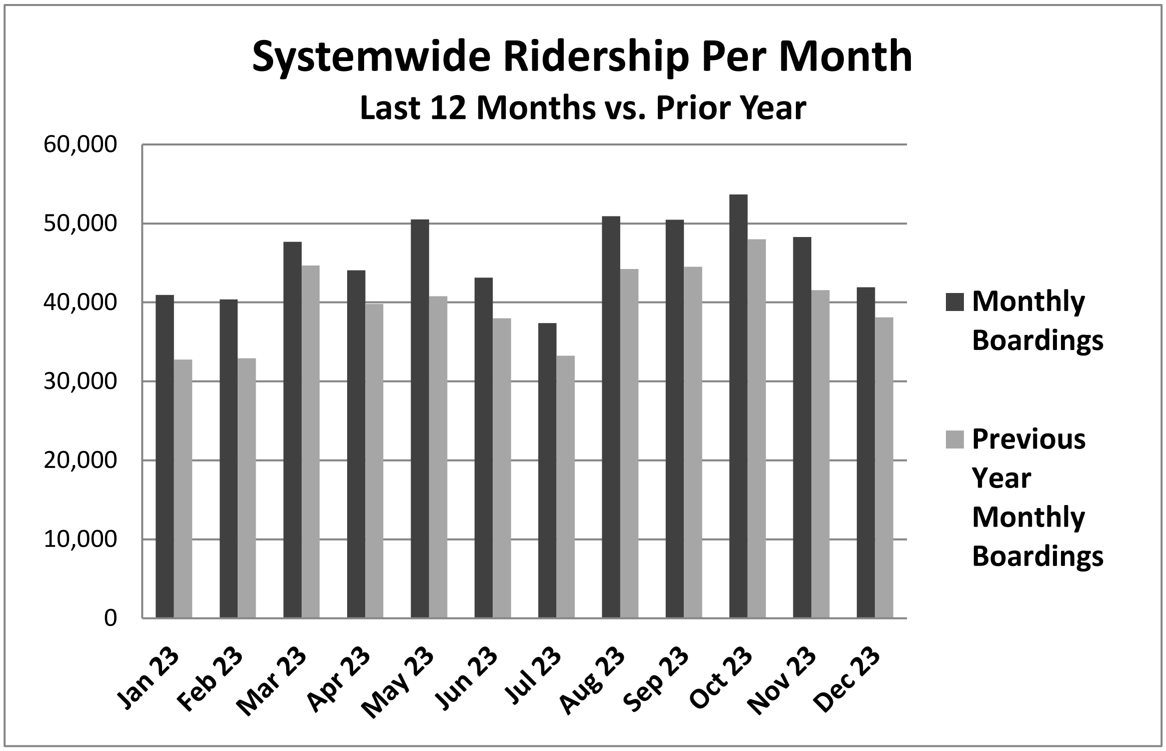
LAIF TRANSFERS

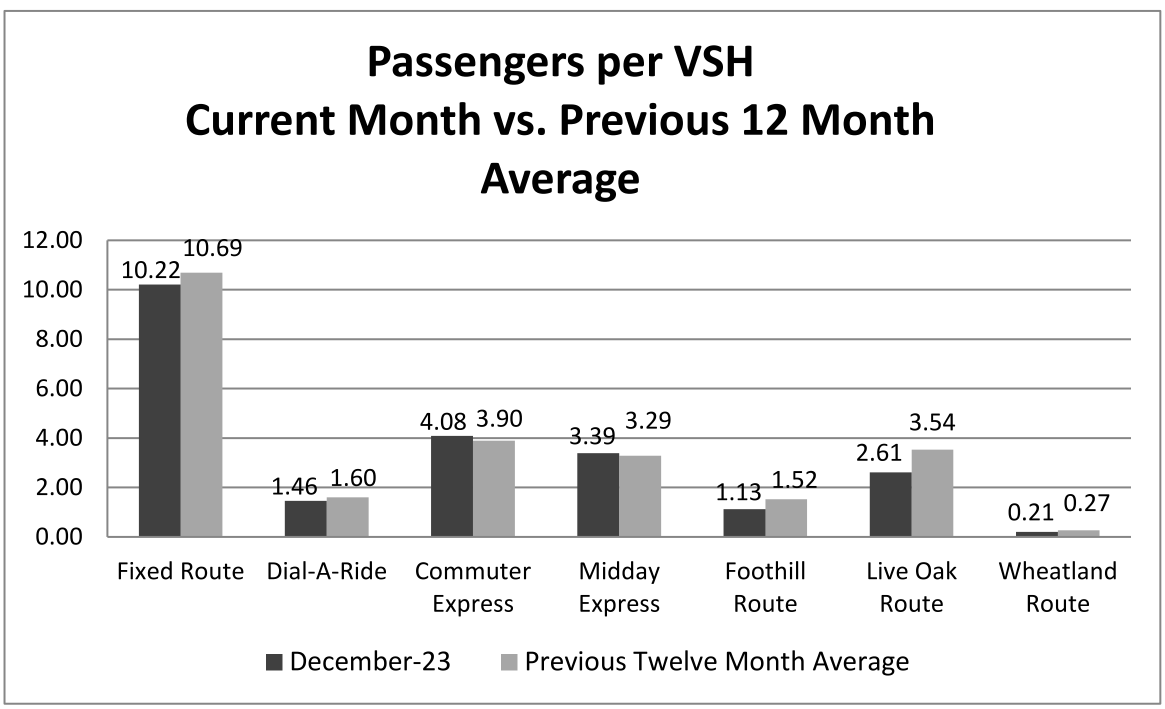
AGENDA ITEM V - C

DECEMBER 2023 PERFORMANCE REPORT

Ridership:	December-23	Previous Twelve Month Average	Fiscal YTD	Previous Fiscal YTD
Fixed Route	36,523	39,107	244,509	214,101
Dial-A-Ride	2,263	2,590	15,009	14,381
Commuter Express	2,449	2,815	17,472	16,102
Midday Express	382	512	2,950	2,788
Foothill Route	93	132	849	637
Live Oak Route	210	292	1,748	1,547
Wheatland Route	10	13	86	87
Total Ridership:	**41,930**	**45,460**	**282,623**	**249,643**
Vehicle Service Hours:				
Fixed Route	3,575.12	3,657.38	21,999.71	22,055.29
Dial-A-Ride	1,550.10	1,616.71	10,132.78	7,735.25
Commuter Express	599.66	722.79	4,176.85	4,331.90
Midday Express	112.67	155.64	852.50	967.57
Foothill Route	82.62	86.54	518.46	507.92
Live Oak Route	80.37	82.62	513.90	448.29
Wheatland Route	48.68	47.81	290.82	295.41
Total VSH's:	**6,049.22**	**6,369.48**	**38,485.02**	**36,341.63**
Passengers Per Hour:				
Fixed Route	10.22	10.69	11.11	9.71
Dial-A-Ride	1.46	1.60	1.48	1.86
Commuter Express	4.08	3.90	4.18	3.72
Midday Express	3.39	3.29	3.46	2.88
Foothill Route	1.13	1.52	1.64	1.25
Live Oak Route	2.61	3.54	3.40	3.45
Wheatland Route	0.21	0.27	0.30	0.29
Total Passengers Per VSH:	**6.93**	**7.14**	**7.34**	**6.87**

DECEMBER 2023 PERFORMANCE REPORT





AGENDA ITEM V – D
STAFF REPORT

ANNUAL INVESTMENT POLICY REVIEW

It is recommended that the Yuba-Sutter Transit investment policy be reviewed at least annually and amended as needed. The review should ensure that the policy is consistent with the overall objectives of preservation of principal, liquidity, and return, and is in conformance with the law, financial and economic trends, and the cash flow needs of the agency.

The Yuba-Sutter Transit investment policy (copy attached) was adopted in April 2014 and provides formal guidelines and objectives for the investment of funds not immediately required to meet the agency's financial obligations. These investments are limited to passbook savings and money market accounts; the State Local Agency Investment Fund (LAIF); and certificates of deposit. While not a policy update, any references to the Transit Manager title have been replaced with Executive Director to maintain alignment with the Personnel Manual revision effective July 1, 2021.

As of December 31, 2023, the Authority's account balances in financial institutions and LAIF were $1,539,109 and $2,018,732, respectively. Of the amount in financial institutions, $1,295,525 is Low Carbon Transit Operations Program (LCTOP) funds being held in Money Market accounts until earned. Staff considers these deposits to be in alignment with the current policy and is not currently recommending any policy modifications.

Staff will be prepared to discuss the agency investment policy in detail at the meeting.

RECOMMENDATION: Accept the Investment Policy Review as presented.

YUBA-SUTTER TRANSIT AUTHORITY
INVESTMENT POLICY

Adopted April 17, 2014
(Updated July 1, 2021)

I. INTRODUCTION

The following is the investment policy and guidelines of the Yuba-Sutter Transit Authority, presented in accordance with California Government Code Sections 53600 et seq.

This investment policy is intended to provide a guideline for the prudent investment of Yuba-Sutter Transit funds not immediately required to meet the financial obligations of the Authority.

II. SCOPE

This policy applies to the investment of all funds, excluding the investment of employees' retirement funds.

III. OBJECTIVES

The primary objectives, in priority order, of the investment activities of the Authority shall be:

1) **Safety.** Safety of principal is the foremost objective of the investment program. Investments of the Authority shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.

2) **Liquidity.** The investment portfolio of the Authority will remain sufficiently liquid to enable the Authority to meet its cash flow requirements.

3) **Return on Investment.** Investments shall be undertaken to attain market rates of return consistent with constraints imposed by the safety objectives and cash flow consideration.

IV. PRUDENCE

Section 53600.3 of the California Government Code identifies as trustees those persons authorized to make investment decisions on behalf of a local agency. As a trustee, the standard of prudence shall be the “prudent investor” standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

V. DELEGATION OF AUTHORITY

The management responsibility for the investment program is hereby delegated to the Executive Director who shall monitor and review all investments for consistency with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy.

VI. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

VII. PERMITTED INVESTMENT INSTRUMENTS

1. **Passbook Savings Accounts and Money Market Accounts:** These savings accounts may be maintained in local branches of commercial banks and/or savings and loans associations. Amounts maintained in such accounts shall be fully insured by the United States Government or collaterally in a manner acceptable to the Authority.

2. **State Local Agency Investment Fund (LAIF):** The LAIF was established by the State of California to enable treasurers to place funds in a pool for investments. There is a limitation of $50 million per agency subject to a maximum of 15 transactions per month.

3. **Certificates of Deposit:** Cash may be invested only in federally insured or fully collateralized certificates of deposit. Collateral for given investment,

when applicable, must be in accordance with California Government Code Section 53600 et seq.

VIII. PROHIBITED INVESTMENT PRACTICES AND INSTRUMENTS

Certain investment practices and instruments are inconsistent with the first objective of this policy (safety of invested funds), and therefore are prohibited.

Yuba-Sutter Transit Authority shall not engage in leveraged investing, such as margin accounts or any form of borrowing for the purpose of investment.

IX. SUMMARY

Yuba-Sutter Transit Authority will strive to maintain the level of investment of funds not immediately active as near to 100% as possible. However, the basic premise underlying the Authority's investment policy is to insure the safety of principal and to provide funds when needed.

In order that the Yuba-Sutter Transit Authority Board of Directors may monitor the handling of invested funds, a full report detailing all investments will be submitted on at least an annual basis or as required by law.

The Authority will review the Policy at least once a year and may modify the Policy as appropriate to the Authority's needs and current law.

AGENDA ITEM VI – A
STAFF REPORT

FISCAL YEAR (FY) 2023 FINANCIAL AUDIT REPORT

Attached for Board review and acceptance is a copy of Yuba-Sutter Transit's Independent Financial Audit Report and related letters for FY 2023. This report is completed annually on behalf of the Sacramento Area Council of Governments (SACOG) in accordance with the provisions of the State Transportation Development Act. The report was prepared by the firm of Richardson & Company of Sacramento.

As noted in the financial statements and letters, there are no audit findings or Management Letter comments for the year ended June 30, 2023.

Staff will be prepared to discuss the report in detail at the meeting.

RECOMMENDATION: Receive and File the FY 2023 Financial Audit report, as presented.

YUBA-SUTTER TRANSIT AUTHORITY

Audited Financial Statements
and Compliance Reports

June 30, 2023

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YUBA-SUTTER TRANSIT AUTHORITY

Audited Financial Statements
and Compliance Reports

June 30, 2023 and 2022

Audited Financial Statements

Required Supplementary Information

Compliance Reports

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RICHARDSON & COMPANY LLP
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Sacramento, California 95825

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Yuba-Sutter Transit Authority (the Authority) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2023 and 2022, and the 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions to the pension plan, and schedule of changes in the net OPEB liability and related ratios, as listed in the 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 basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was 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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 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, 2024 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 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 Authority's internal control over financial reporting and compliance.

Richardson & Company, LLP

January 10, 2024

YUBA-SUTTER TRANSIT AUTHORITY

STATEMENTS OF NET POSITION

June 30, 2023 and 2022

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,289,961	$ 4,373,575
Accounts receivable	4,223	3,101
Interest receivable	27,736	8,707
Due from other governmental agencies	5,314,885	2,408,500
Prepaid expenses and other assets	18,498	18,619
TOTAL CURRENT ASSETS	8,655,303	6,812,502
NONCURRENT ASSETS		
Restricted cash and cash equivalents	819,821	425,830
Net pension asset		280,297
Capital assets:		
Nondepreciable	2,420,391	1,863,730
Depreciable, net	10,305,786	11,965,251
Total Capital Assets	12,726,177	13,828,981
TOTAL NONCURRENT ASSETS	13,545,998	14,535,108
TOTAL ASSETS	22,201,301	21,347,610
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	388,030	494,155
Other post employment benefits plan	61,582	69,043
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 22,650,913	$ 21,910,808
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 570,856	$ 572,856
Accrued payroll	41,786	40,256
Accrued compensated absences	26,283	48,776
Unearned revenue	858,167	425,830
Deposits payable	25,075	25,050
TOTAL CURRENT LIABILITIES	1,522,167	1,112,768
NONCURRENT LIABILITIES		
Net pension liability	80,914	
Other post employment benefits liability	166,061	189,858
TOTAL LIABILITIES	1,769,142	1,302,626
DEFERRED INFLOWS OF RESOURCES		
Pension plan	136,510	219,380
Other post employment benefits plan	50,756	745
TOTAL DEFERRED INFLOWS OF RESOURCES	187,266	220,125
NET POSITION		
Investment in capital assets	12,726,177	13,828,981
Restricted for capital projects	343,313	145,546
Restricted for operations in specified service areas	300,177	284,134
Unrestricted	7,324,838	6,129,396
TOTAL NET POSITION	20,694,505	20,388,057
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 22,650,913	$ 21,910,808

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, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Passenger fares	$ 781,222	$ 699,559
Special transit fares	29,784	63,397
TOTAL OPERATING REVENUES	811,006	762,956
OPERATING EXPENSES		
Operations		
Purchased transportation	5,625,662	5,543,735
Depreciation	1,745,818	1,790,044
Fuel and lubricants	870,431	840,523
Maintenance and supplies	314,283	337,967
Vehicle insurance	283,923	280,041
Total operations	8,840,117	8,792,310
General administration		
Personnel costs	1,056,535	106,518
Services	318,081	168,809
Utilities	77,779	65,004
Casualty and liability insurance	34,867	31,821
Materials	8,386	6,064
Miscellaneous	25,273	27,274
Total general and administration	1,520,921	405,490
TOTAL OPERATING EXPENSES	10,361,038	9,197,800
NET LOSS FROM OPERATIONS	(9,550,032)	(8,434,844)
NONOPERATING REVENUES (EXPENSES)		
Federal Transit Administration operating grants	2,427,517	3,788,900
Local Transportation Fund	3,900,000	3,100,000
State Transit Assistance and State of Good Repair operating	2,114,176	3,024,168
State operating grants	286,827	210,161
Advertising	40,787	46,979
Other revenues	161,479	103,496
Interest	83,474	17,076
TOTAL NONOPERATING REVENUES (EXPENSES)	9,014,260	10,290,780
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(535,772)	1,855,936
CAPITAL CONTRIBUTIONS		
State of California PTMISEA grant	550,000	
State Transit Assistance and State of Good Repair capital	285,559	1,088,039
Other capital contribution revenues	6,661	
TOTAL CAPITAL CONTRIBUTIONS	842,220	1,088,039
CHANGE IN NET POSITION	306,448	2,943,975
Net position at beginning of year	20,388,057	17,444,082
NET POSITION AT END OF YEAR	$ 20,694,505	$ 20,388,057

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, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	$ 809,884	$ 767,537
Cash paid to suppliers for goods and services	(7,734,671)	(7,456,343)
Cash paid to employees for services	(485,225)	(427,856)
NET CASH USED FOR OPERATING ACTIVITIES	(7,410,012)	(7,116,662)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants and subsidies	5,893,977	7,051,746
Other nonoperating revenue	202,266	150,475
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	6,096,243	7,202,221
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received	1,202,715	193,183
Purchase of capital assets	(643,014)	(941,152)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	559,701	(747,969)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings received	64,445	11,527
NET CASH PROVIDED BY INVESTING ACTIVITIES	64,445	11,527
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(689,623)	(650,883)
Cash and cash equivalents at beginning of year	4,799,405	5,450,288
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,109,782	$ 4,799,405
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Cash and cash equivalents	$ 3,289,961	$ 4,373,575
Restricted cash and cash equivalents	819,821	425,830
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,109,782	$ 4,799,405
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Net loss from operations	$ (9,550,032)	$ (8,434,844)
Adjustments to reconcile net loss from operations to net cash used for operating activities:		
Depreciation	1,745,818	1,790,044
Changes in operating assets, deferred outlflows, liabilities and deferred inflows:		
Accounts receivable	(1,122)	4,581
Prepaid expenses	121	18,802
Deferred outflows of resources	113,586	(239,642)
Accounts payable	(2,000)	(13,901)
Accrued payroll	1,530	1,379
Accrued compensated absences	(22,493)	841
Deposits payable	25	
Net pension liability	361,211	(301,042)
OPEB liability	(23,797)	74,703
Deferred inflows of resources	(32,859)	(17,583)
NET CASH USED FOR OPERATING ACTIVITIES	$ (7,410,012)	$ (7,116,662)

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

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 statement of net position. 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.

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.

Right-to-use lease and subscription assets are recognized at the lease/subscription commencement date and represent the right to use an underlying asset for the lease/subscription term. Right-to-use lease/subscription assets are measured at the initial value of the lease/subscription liability plus any payments made to the lessor/vendor before the commencement of the lease/subscription term, less any incentives received at or before the commencement of the term, plus any initial direct costs necessary to place the asset into service. Right-to-use lease/subscription assets are amortized over the shorter of the lease/subscription term or useful life of the underlying asset using the straight-line method. Short-term leases/subscription payments are expensed as incurred. The Authority did not have any leases meeting the recognition criteria of GASB Statement No. 87 or subscriptions meeting the recognition criteria of GASB Statement No. 96 at June 30, 2023, and 2022.

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 (including unspent interest earned on the unspent grants) consisted of the following at June 30, 2023 and 2022:

	2023	2022
Low Carbon Transit Operations Program	$ 819,821	$ 425,830
Caltrans	38,346	
	$ 858,167	$ 425,830

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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:

	2023	2022
Cash and cash equivalents	$ 3,289,961	$ 4,373,575
Restricted cash and cash equivalents	819,821	425,830
Total cash and cash equivalents	$ 4,109,782	$ 4,799,405

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

	2023	2022
Cash on hand	$ 2,984	$ 200
Deposits in financial institutions:		
Unrestricted	370,251	193,986
Restricted	819,821	425,830
Total	1,193,056	620,016
Investment in Local Agency Investment Fund (LAIF):		
Unrestricted	2,916,726	4,179,389
Total	2,916,726	4,179,389
Total cash and cash equivalents	$ 4,109,782	$ 4,799,405

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, 2023 and 2022, the weighted average maturity of the investments contained in the LAIF investment pool was approximately 260 and 311 days, respectively.

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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 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, 2023 and 2022, the carrying amount of the Authority's deposits was $1,190,072 and $619,816 and the balance in financial institutions was $1,192,121 and $626,385, respectively. Of the balance in financial institutions, $250,000 was covered by federal depository insurance. The remaining amount 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 $176,442,053,163, which is managed by the State Treasurer. Of that amount, 2.78% 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:

	2023	2022
Sacramento Area Council of Governments (STA)	$ 3,929,832	$ 1,603,756
Federal Transit Administration (FTA) grants	613,000	671,290
Sacramento Area Council of Governments (LTF)	365,202	
State Department of Transportation (FTA pass-through and other) grants	227,136	36,462
Connect Card Consortium	73,390	57,769
Sacramento Area Council of Governments (SGR)		1,341
Other	106,325	37,882
Total due from other governmental agencies	$ 5,314,885	$ 2,408,500

NOTE D – CAPITAL ASSETS

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

	Balance at July 1, 2022	Additions	Retirements	Transfers	Balance at June 30, 2023
Capital assets, not being depreciated					
Land	$ 1,863,730				$ 1,863,730
Land improvements		$ 6,661			6,661
Work in progress		550,000			550,000
Total capital assets not being depreciated	1,863,730	556,661			2,420,391
Capital assets, being depreciated:					
Buildings and improvements	4,691,997				4,691,997
Vehicles	19,169,401				19,169,401
Maintenance tools and equipment	291,654	86,353	$ (21,000)		357,007
Office equipment	146,732				146,732
Total capital assets being depreciated	24,299,784	86,353	(21,000)		24,365,137
Less accumulated depreciation for:					
Buildings and improvements	(2,311,414)	(174,728)			(2,486,142)
Vehicles	(9,711,231)	(1,537,124)			(11,248,355)
Maintenance tools and equipment	(167,825)	(31,502)	21,000		(178,327)
Office equipment	(144,063)	(2,464)			(146,527)
Total accumulated depreciation	(12,334,533)	(1,745,818)	21,000		(14,059,351)
Total capital assets being depreciated, net	11,965,251	(1,659,465)			10,305,786
Capital assets, net	$ 13,828,981	$ (1,102,804)	$ -	$ -	$ 12,726,177

	Balance at July 1, 2021	Additions	Retirements	Transfers	Balance at June 30, 2022
Capital assets, not being depreciated					
Land	$ 905,570	$ 941,152		$ 17,008	$ 1,863,730
Work in progress	17,008			(17,008)	
Total capital assets not being depreciated	922,578	941,152			1,863,730
Capital assets, being depreciated:					
Buildings and improvements	4,691,997				4,691,997
Vehicles	19,169,401				19,169,401
Maintenance tools and equipment	291,654				291,654
Office equipment	146,732				146,732
Total capital assets being depreciated	24,299,784				24,299,784
Less accumulated depreciation for:					
Buildings and improvements	(2,136,686)	(174,728)			(2,311,414)
Vehicles	(8,119,325)	(1,591,906)			(9,711,231)
Maintenance tools and equipment	(146,880)	(20,945)			(167,825)
Office equipment	(141,598)	(2,465)			(144,063)
Total accumulated depreciation	(10,544,489)	(1,790,044)			(12,334,533)
Total capital assets being depreciated, net	13,755,295	(1,790,044)			11,965,251
Capital assets, net	$ 14,677,873	$ (848,892)	$ -	$ -	$ 13,828,981

Change in Estimate: During the year ended June 30, 2023, the Authority received notice that the software platform associated with their automatic vehicle location (AVL) equipment will retire completely on June 30, 2024. The Authority had originally estimated a 10-year useful life for the AVL when it was acquired in May 2019. Upon learning that the equipment will not be functional past June 2024, the Authority changed the useful life of the asset to 5 years to match the timing of the accompanying subscription of the AVL software. As a result of this change in estimate, depreciation expense and accumulated depreciation for the year ending June 30, 2023, both increased by $50,664.

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:

	2023	2022
Fare revenues	$ 811,006	$ 762,956
Local funds:		
Federal funds	2,427,517	3,788,900
Advertising	40,787	46,979
Other revenues	161,479	103,496
Interest	83,474	17,076
Total fare revenues and local funds	$ 3,524,263	$ 4,719,407
Total operating expenses	$ 10,361,038	$ 9,197,800
Less: Pension expense in excess of actuarially determined contribution	(384,466)	
Less: OPEB expense in excess of actuarially determined contribution	(33,675)	(28,642)
Less: depreciation	(1,745,818)	(1,790,044)
Net operating expenses	$ 8,197,079	$ 7,379,114
Fare revenue ratio	42.99%	63.96%

The Authority complied with the required 14.6% fare revenue for the years ended June 30, 2023 and 2022.

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 AND DEFERED COMPENSATION PLAN

Pension Plan Description: 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
- PEPRA 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.

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

NOTE G – PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

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, 2023 and 2022 are summarized as follows:

	Miscellaneous	PEPRA Miscellaneous
CalPERS membership date	Prior to January 1, 2013	On or after January 1, 2013
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%	1.0% to 2.50%
Required employee contribution rates 2022	6.91%	6.75%
Required employer contribution rates 2022	10.34%	7.59%
Required employee contribution rates 2023	7.00%	6.75%
Required employer contribution rates 2023	10.32%	7.47%

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). In addition to the contribution rates above, the Authority contributed UAL payments to CalPERS of $3,793 and $2,314 during the years ended June 30, 2023 and 2022, respectively.

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 $43,149 and $41,171 for the years ended June 30, 2023 and 2022, respectively.

Pension Assets/Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2023, the Authority reported a net pension liability for its proportionate share of the net pension liability/asset of the Plan of $80,914. As of June 30, 2022, the Authority reported a net pension asset for its proportionate share of the net pension liability/asset of the Plan of $280,297.

The Authority's net pension asset/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, 2023 and 2022 was measured as of June 30, 2022 and 2021, 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, 2021 and 2020 rolled forward to June 30, 2022 and 2021, 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.

NOTE G – PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

The Authority's proportionate share of the net pension liability as of the June 30, 2022, 2021 and 2020 measurement dates were as follows:

Proportion - June 30, 2021	0.00049%
Proportion - June 30, 2022	-0.01476%
Change	-0.01525%
Proportion - June 30, 2023	0.00173%
Change	0.01649%

For the years ended June 30, 2023 and 2022, the Authority recognized pension (benefit)/expense of $427,614 and $(471,035), 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:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 43,149		$ 41,171	
Differences between expected and actual experience	1,625	$ (1,088)		$ (31,432)
Changes in assumptions	8,291			
Net differences between projected and actual earnings on pension plan investments	14,821		244,684	
Change in employer's proportion	247,316	(67,583)	43,484	(152,061)
Difference between actual contributions and proportionate share of contributions.	72,828	(67,839)	164,816	(35,887)
Total	$ 388,030	$ (136,510)	$ 494,155	$ (219,380)

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	2023	2022
2023		$ 55,238
2024	$ 78,751	55,089
2025	72,041	55,659
2026	48,514	67,618
2027	9,065	
	$ 208,371	$ 233,604

NOTE G – PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

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

	2023	2022
Valuation date	June 30, 2021	June 30, 2020
Measurement date	June 30, 2022	June 30, 2021
Actuarial cost method	Entry-Age Normal Cost Method	
Amortization method	Level percentage of payroll	
Asset valuation method	Market value	
Actuarial assumptions:		
Discount rate	6.90%	7.15%
Inflation	2.30%	2.50%
Payroll growth	2.80%	2.75%
Projected salary increases	0.2% - 7.64% (1)	0.4% - 8.5% (1)
Investment rate of return	6.90%	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 rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by Society of Actuaries. For more details on this schedule, please refer to the 2021 Experience Study report that can be found on the CalPERS website. 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 6.90% at June 30, 2023, which declined from 7.15% used at June 30, 2022. 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.

NOTE G – PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

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.

	2023		2022		
Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global equity - cap-weighted	30.0%	4.45%	50.0%	4.80%	5.98%
Global equity - non-cap-weighted	12.0%	3.84%			
Private equity	13.0%	7.28%	8.0%	6.30%	7.23%
Treasury	5.0%	0.27%			
Mortgage-backed securities	5.0%	0.50%			
Investment grade corporates	10.0%	1.56%			
High yield	5.0%	2.27%			
Emerging market debt	5.0%	2.48%			
Private debt	5.0%	3.57%			
Real assets	15.0%	3.21%	13.0%	3.75%	4.93%
Leverage	-5.0%	-0.59%			
Fixed income			28.0%	1.00%	2.62%
Inflation assets			0.0%	0.77%	1.81%
Liquidity			1.0%	0.00%	-0.92%
Total	100.0%		100.0%		

(a) An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 Asset Liability Management study.
(b) An expected inflation of 2.00% used for this period.
(c) 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:

	2023	2022
1% decrease	5.90%	6.15%
Net pension liability (asset)	$ 363,080	$ (24,874)
Current discount rate	6.90%	7.15%
Net pension liability (asset)	$ 80,914	$ (280,297)
1% increase	7.90%	8.15%
Net pension liability (asset)	$ (151,240)	$ (491,451)

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, 2023 and 2022, the Authority reported a payable of $3,970 and $5,697, respectively, for the outstanding amount of contributions to the Plan.

NOTE G – PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

Deferred Compensation Plan: The Authority offers an Internal Revenue Code Section 457 deferred compensation plan, the CalPERS 457 Deferred Compensation Plan, to all permanent employees that are members of CalPERS. The plan is administered by CalPERS.

Benefit terms, including contribution requirements, are established and may be amended by the Board of Directors. The Authority is required to contribute $200 per month for the Executive Director (changed to 2.5% in July 2023) and $100 per month for all other permanent employees. Employees are permitted to make contributions to the plan up to applicable Internal Revenue Code limits. Employees immediately vest in the Authority's and their own contributions and earnings on those contributions. During the years ended June 30, 2023 and 2022, the Authority contributed $6,781 and $6,948 and employees contributed $40,050 and $33,600, respectively.

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 yearly contribution is capped at the PEMHCA minimum employer contribution, which was $1,812 and $1,788 for the years ending June 30, 2023 and 2022. The benefit continues to surviving spouses and dependents. Retirees may select any retiree medical plan and coverage category 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 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 on or 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 actuarial valuation date, the following current and former employees were covered by the benefit terms under the Plan:

	2023	2022
Inactive participants with deferred benefits	2	2
Active employees	5	5
Total	7	7

Contributions: The Authority's Board of Directors has the authority under the California Government Code to establish and amend contribution requirements. The Authority made implied subsidy contributions to the plan of $2,189 and $3,516 during the years ended June 30, 2023 and 2022, respectively.

Total OPEB Liability: The Authority's total OPEB liability at June 30, 2023 and 2022 was measured as of June 30, 2022 and 2021, and was determined by an actuarial valuation as of June 30, 2021 for both years.

NOTE H – OTHER POST-RETIREMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs: The total OPEB liability at the June 30, 2022 and 2021 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2023	2022
Valuation date	June 30, 2021	June 30, 2021
Measurement date	June 30, 2022	June 30, 2021
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	3.69%	2.16%
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	7.6% in 2023, decreasing to an ultimate rate of 4.0% in 2069	7.6% for pre-65 and 5.7% for post-65 in 2023, decreasing to an ultimate rate of 4.0% in 2069
Participation rate	100%	100%

The health care cost trend rate used the 2021 industry service data and used the 2022 Getzen model to project long term trend. The Plan has no assets. Consequently, the discount rate was based on the Fidelity GO AA 20-year municipal index, an index of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Retirement mortality information was derived from data during the 2017 CalPERS experience study. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

Changes in the Total OPEB Liability: The changes in the total OPEB liability for the Plan were as follows:

	2023 Increase (Decrease) Total OPEB Liability	2022 Increase (Decrease) Total OPEB Liability
Balance at July 1	$ 189,858	$ 115,155
Changes during the year:		
Service cost	27,355	18,306
Interest	4,692	2,950
Differences between expected and actual experience		43,593
Changes in assumptions	(55,844)	9,854
Net change	(23,797)	74,703
Balance at June 30	$ 166,061	$ 189,858

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:

	2023			2022		
	1% Decrease 2.69%	Current Discount Rate 3.69%	1% Increase 4.69%	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
Net OPEB liability	$ 200,144	$ 166,061	$ 139,260	$ 232,884	$ 189,858	$ 156,327

NOTE H – OTHER POST-RETIREMENT BENEFITS (Continued)

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:

	2023			2022		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	$ 132,627	$ 166,061	$ 210,364	$ 149,000	$ 189,858	$ 244,596

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the years ended June 30, 2023 and 2022, the Authority recognized OPEB expense of $33,675 and $28,642. At June 30, 2023 and 2022, the Authority reported deferred outflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 34,893	$ (670)	$ 39,243	$ (745)
Changes in assumptions	26,689	(50,086)	29,800	
Total	$ 61,582	$ (50,756)	$ 69,043	$ (745)

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. 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 9.7 and 10.022 years at June 30, 2023 and 2022, respectively, as follows:

Year Ended June 30	2023	2022
2023		$ 7,386
2024	$ 1,628	7,386
2025	1,628	7,386
2026	1,628	7,386
2027	1,628	7,386
2028	1,628	7,386
Thereafter	2,686	23,982
	$ 10,826	$ 68,298

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.

NOTE I – CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

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 $1,686,829 and $8,393,307 of the maximum commitment remaining at June 30, 2023 and 2022, respectively. On May 8, 2023, the Authority extended the contract term for an additional two years from October 1, 2023 through September 30, 2025 with payments not to exceed $16,001,930. One additional two-year option period exists 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.

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 was $550,000 and $0 in PTMISEA funds received during the years ended June 30, 2023 and 2022, respectively. As of June 30, funds received and expended were verified in the course of the audit as follows:

	2023	2022
Beginning balance	$ -	$ -
PTMISEA received	550,000	
Expenses incurred:		
Demand response/rural route buses	(550,000)	
Unexpended proceeds	$ -	$ -

There is no unearned revenue related to PTMISEA funds at June 30, 2023 and 2022.

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, 2023 and 2022 were $1,125,277 and $905,350, respectively. As of June 30, SGR funds received and expended were verified in the course of the audit as follows:

NOTE J – OTHER STATE GRANTS (Continued)

	2023	2022
Beginning balance	$ -	$ -
SGR received	73,659	1,341
Expenses incurred:		
Surveillance system repairs	(73,659)	(1,341)
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 $618,225 and $194,456 of LCTOP funding for the programs in the tables below during the years ended June 30, 2023 and 2022. LCTOP funds received and expended were verified in the course of the audit as follows for the years ended June 30:

	2023				
	Enhanced Sac Com Peak Service	Connect Card Program	Targeted Fare Free Subsidies	Next Generation Transit Facility	Total
Beginning balance	$ 76,247	$ 52,847	$ 102,157	$ 194,579	$ 425,830
LCTOP funds received				618,225	618,225
LCTOP funds transferred in (out)	48,589	(48,589)			
Changes in unspent interest	(1,003)	(217)	(554)	7,017	5,243
Expenses incurred:					
Enhanced Sacramento service	(123,833)				(123,833)
Targeted fare subsidies			(101,603)		(101,603)
Connect Card program		(4,041)			(4,041)
Unexpended proceeds, including interest	$ -	$ -	$ -	$ 819,821	$ 819,821

	2022					
	Enhanced Sac Com Peak Service	Connect Card Program	Targeted Fare Free Subsidies	Fare Free Events	Next Generation Transit Facility	Total
Beginning balance	$ 227,387	$ 76,075	$ 183,743	$ 24,720		$ 511,925
LCTOP funds received					$ 194,456	194,456
Changes in unspent interest	238	93	213	(51)	123	616
Expenses incurred:						
Enhanced Sacramento service	(151,378)					(151,378)
Targeted fare subsidies			(81,799)			(81,799)
Fare free events				(24,669)		(24,669)
Connect Card program		(23,321)				(23,321)
Unexpended proceeds, including interest	$ 76,247	$ 52,847	$ 102,157	$ -	$ 194,579	$ 425,830

NOTE K – SUBSEQUENT EVENTS

Next Generation Zero-Emissions Projects: The State of California Air Resources Board (CARB) Innovative Clean Transit (ICT) regulation was adopted in December 2018 and 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. In June 2023, the Authority submitted the Yuba-Sutter Transit Zero-Emission Bus Roll-Out Plan to CARB detailing its plan to be fully transitioned to ZEBs by 2033, which is 7 full years before the state goal of 2040.

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 near that capacity with no room for significant growth, 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.

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 supplement the Project's energy needs and for other potential co-developments, such as a mobility hub that could support multiple transportation modes, such as shared vehicles, vehicle charging, and bike or scooter sharing.

The current year-of-expenditure cost estimate for final Project facility design, environmental assessment, construction, and battery electric bus (BEB) infrastructure is $55.8 million. This estimate includes all items needed for move into the facility and operation of the first 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 over $41 million, including federal ($16.3 million), state ($21.2 million), and regional discretionary grant funds (3.5 million). Completion of construction is anticipated by the end of calendar year 2027.

The Authority is planning to sell the current facility and possibly lease the space back as needed until the new facility has been fully constructed. Because the Authority intends to continue using the facility as is until then, it does not believe that the existing facility would need to be evaluated for any effect on the depreciable lives of the facility assets and/or reporting of impairment loss under GASB Statement No 42.

The Authority's existing transit facility is currently being impacted by the California Department of Transportation (Caltrans) SR 70 Binney Junction Roadway Rehabilitation and Complete Streets project to widen and improve SR 70. Caltrans project work began on July 31, 2023, with full construction to start in September 2024. Construction of the SR 70 project requires Caltrans' use of a significant portion of Yuba-Sutter Transit's existing bus parking area, requiring the Authority to park vehicles at an off-site location arranged in coordination with Caltrans. In June 2023, the Authority entered into the first temporary easement agreement with Caltrans for use of the parking area from June 2023 and extended through March 2024. The Authority is currently negotiating additional easement agreements with Caltrans for the second phase of construction and permanent access to the property for future maintenance of the adjacent Caltrans assets.

Approval of Bus Purchase: In November 2021, the Board of Directors approved the purchase of six dial-a-ride buses with an assumed total price of $960,000. Due to supply chain problems and related cost increases, this purchase is now anticipated to be around $1,280,000. The Authority has secured $709,449 of Federal formula funds, $550,000 in State PTMISEA funds, and has State Transit Assistance fund available for the balance. The purchase has been approved by Caltrans and grant agreements have been executed. As of June 30, 2023, the Authority has made a deposit of $550,000 on the six buses and delivery is anticipated by the end of fiscal year 2024.

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 was implemented during the year ended June 30, 2023 and the Authority determined it did not have any significant subscriptions that were required to be reported under this Statement.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections, an Amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for each type of accounting change, including changes in accounting principles, changes in accounting estimates and changes to or within the financial reporting entity, and error corrections. This Statement requires changes in accounting principles and error corrections to be reported retroactively by restating prior periods; requires changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period; and requires changes in accounting estimates to be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of new pronouncements in absence of specific transition provisions in the new pronouncement. This Statement also requires the aggregate amount of adjustments to and restatements of beginning net position, fund balance or fund net position, as applicable, to be displayed by reporting unit in the financial statements. Furthermore, this Statement requires information presented in required supplementary information or supplementary information to be restated for error corrections, if practicable, but not for changes in accounting principles. The provisions of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

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

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REQUIRED SUPPLEMENTARY INFORMATION

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YUBA-SUTTER TRANSIT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2023 and 2022

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability at measurement date	0.00173%	-0.01476%	0.00049%	0.00917%	0.00898%	0.00903%	0.00890%	0.00895%	0.00392%
Proportionate share of the net pension liability (asset)	$ 80,914	$ (280,297)	$ 20,745	$ 367,031	$ 338,485	$ 356,041	$ 309,326	$ 245,520	$ 243,615
Covered payroll for measurement period	$ 411,661	$ 398,240	$ 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	19.66%	-70.38%	5.38%	98.89%	91.44%	110.12%	102.69%	84.58%	87.15%
Plan fiduciary net position	$ 1,989,002	$ 2,214,866	$ 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	96.09%	114.49%	98.83%	78.15%	78.36%	75.13%	75.61%	78.99%	78.25%

Benefit changes: There were no changes to benefit terms.

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Changes in assumptions:									
Change in discount rate	6.900%	7.150%	7.150%	7.150%	7.150%	7.65%	7.65%	7.65%	7.50%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution during employer's fiscal year (actuarially determined)	$ 43,149	$ 41,171	$ 37,935	$ 65,976	$ 58,912	$ 51,091	$ 45,090	$ 40,421	$ 42,571
Contributions in relation to the actuarially determined contributions	(43,149)	(41,171)	(37,935)	(424,303)	(58,912)	(51,091)	(45,090)	(40,421)	(42,571)
Contribution deficiency (excess)	$ -	$ -	$ -	$ (358,327)	$ -	$ -	$ -	$ -	$ -
Covered payroll for employer's fiscal year	$ 447,721	$ 411,661	$ 398,240	$ 385,549	$ 371,157	$ 370,163	$ 323,320	$ 301,224	$ 290,280
Contributions as a percentage of covered payroll	9.64%	10.00%	9.53%	17.11%	15.87%	13.80%	13.95%	13.42%	14.67%
Notes to Schedule:									
Contribution valuation date - June 30	2020	2019	2018	2017	2016	2015	2014	2013	2012
Reporting valuation date - June 30	2021	2020	2019	2018	2017	2016	2015	2014	2013
Reporting measurement date - June 30	2022	2021	2020	2019	2018	2017	2016	2015	2014

Methods and assumptions used to determine contribution rates:

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial method	Entry age normal cost method								
Amortization method	Level percentage of payroll, closed								
Remaining amortization period	Varies, not more than 30 years								
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market
Inflation	2.50%	2.50%	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies depending on entry age and service								
Investment rate of return and discount rate used to compute contribution rates.	7.00%	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	50-67. Probabilities of retirement are based on the most recent CalPERS Experience Study.								
Mortality	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, 2023

	2023	2022	2021	2020
Service cost	$ 27,355	$ 18,306	$ 12,956	$ 11,483
Interest	4,692	2,950	3,203	2,770
Differences between expected and actual experience		43,593	(895)	
Assumption changes	(55,844)	9,854	21,316	4,213
Net change in total OPEB liability	(23,797)	74,703	36,580	18,466
Total OPEB liability - beginning	189,858	115,155	78,575	60,109
Total OPEB liability - ending	$ 166,061	$ 189,858	$ 115,155	$ 78,575
Covered-employee payroll	$ 411,661	$ 398,240	$ 385,549	$ 371,157
OPEB liability as a percentage of covered-employee payroll	40.34%	47.67%	29.87%	21.17%
Notes to schedule:				
Valuation date - June 30	2021	2021	2019	2019
Measurement date - June 30	2022	2021	2020	2019
Discount Rate	3.69%	2.16%	2.21%	3.50%
Inflation	2.26%	2.26%	2.26%	2.26%
Salary increases	3.25%	3.25%	3.25%	3.25%
Healthcare trend:				
Initial rate				
Pre-65	7.60%	7.60%	7.20%	7.20%
Post-65	5.70%	5.70%	4.60%	4.60%
Trends down to	4.00%	4.00%	4.50%	4.50%
Mortality		2017 CalPERS Study		
Participation percentage	100%	100%	100%	100%
Benefit changes:				
PEMHCA minimum payment per month:	$ 151	$ 149	$ 143	$ 139

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

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, 2023, 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, 2024.

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 other 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, 2024

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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

Opinion on Each Major Federal Program

We have audited the Yuba-Sutter Transit Authority's, (the Authority) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2024

YUBA-SUTTER TRANSIT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

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 *Government Auditing Standards* 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:	

AL Number	Name of Federal Program
20.507	Federal Transit Formula 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

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

None

D. Prior Year Findings

<u>Finding 2022-001</u>

<u>Criteria</u>: According to Section 6634 of the California Code of Regulations, no operator shall be eligible to receive revenues during the fiscal year from the LTF and the STA Fund for operating or capital costs in an amount that exceeds its actual costs incurred in the fiscal year less the actual amount of fare revenues and federal grants received during the fiscal year. In addition, once an amount has been claimed for a particular purpose and has been approved by SACOG, the amount is required to be spent for the approved purpose unless an amended allocation is made under Section 6659 of the California Code of Regulations.

<u>Condition</u>: The Authority overclaimed transit operating funds by $122,513 during the year ended June 30, 2022.

<u>Recommendation</u>: We recommend the Authority work with SACOG during the claim process to reduce subsequent claims and/or reallocate the over-claimed amounts to other purposes as allowed under the TDA. We also recommend the Authority track unspent allocations and restrict fund balance for the purpose the unspent TDA revenues were claimed.

<u>Current Status</u>: The Authority did not overclaim transit operating funds for the year ended June 30, 2023. This finding is considered to be addressed during the year ending June 30, 2023.

YUBA-SUTTER TRANSIT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

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	20.507		$ 1,500,000
Section 5307 - ARP Act	20.507		727,517
Total AL 20.507			2,227,517
Passed-through the California Department of Transportation			
Formula Grants for Rural Areas			
Section 5311	20.509	64BA22-02089	200,000
Total AL 20.509			200,000
Total passed-through the State of California, Department of Transportation			200,000
Total U. S. Department of Transportation, Federal Transit Administration			2,427,517
TOTAL FEDERAL AWARDS			$ 2,427,517

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

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, 2023. 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, 2023.

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MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the Yuba-Sutter Transit Authority (the Authority) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. 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.

We noted no matters that warrant consideration.

* * * * *

This communication is intended solely for the information and use of the Board of Directors, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

January 10, 2024

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GOVERNANCE LETTER

Board of Directors
Yuba Sutter Transit Authority
Marysville, California

We have audited the financial statements of Yuba Sutter Transit Authority (the Authority) for the year ended June 30, 2023, and have issued our report thereon dated January 10, 2024. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in a letter dated September 5, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note A to the financial statements. The Authority implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, but the Authority determined this Statement had an immaterial effect and waived recording the subscription liability and related subscription asset. The application of existing policies was not changed during the year. We noted no transaction entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the determination of qualifying expenses incurred under grant agreements, which may be changed by the grantor, the computation of the net pension other postretirement healthcare benefits (OPEB) liabilities and related deferred inflows and outflows, and the useful lives used to calculate depreciation on capital assets. Management's estimate of qualifying expenses incurred under grant agreements is based on management's understanding of the qualifying expenses under the agreements. The pension and OPEB liabilities are based on actuarial valuations and the lives of capital assets is based on past experience and Federal Transit Administration guidance. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures about the defined benefit pension plan, other post-retirement benefits, contingent liabilities and commitments and state grants described in notes G, H, I and J, respectively.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No audit adjustments were noted as a result of our audit. The attached schedule summarizes an uncorrected audit difference in the financial statements. Management believes the amount is immaterial to the financial statements as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 10, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to required supplementary information (RSI), as reported in the table of contents of the financial statements, the supplements the financial statements. Our procedures consisted of inquires of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

January 10, 2024

YUBA-SUTTER TRANSIT AUTHORITY
SUMMARY OF UNADJUSTED DIFFERENCES
YEAR ENDED JUNE 30, 2023

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of: Total Assets and Deferred Outflows	Total Liabilities and Deferred Inflows	Total Net Position	Net Loss from Operations	Net Income (Loss) Before Capital Contributions	Total Change in Net Position
To record the LAIF fair value adjustment.	$ 44,251		$ 44,251		$ 44,251	$ 44,251
Net Unadjusted Audit Differences - This Year	44,251	-	44,251	-	44,251	44,251
Financial Statement Caption Totals	$ 22,650,913	$ 1,956,408	$ 20,694,505	$ (9,550,032)	$ (535,772)	$ 306,448
Net Audit Differences as % of F/S Captions	0.20%	0.00%	0.21%	0.00%	-8.26%	14.44%