

YUBA-SUTTER TRANSIT AUTHORITY

Audited Financial Statements
and Compliance Reports

June 30, 2025

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YUBA-SUTTER TRANSIT AUTHORITY

Audited Financial Statements
and Compliance Reports

June 30, 2025 and 2024

Audited Financial Statements

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of 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, 2025 and 2024, 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, 2025 and 2024, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

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

To the Board of Directors
Yuba-Sutter Transit Authority

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, schedule of changes in the net OPEB liability and related ratios and schedule of contributions to the OPEB plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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

To the Board of Directors
Yuba-Sutter Transit Authority

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 March 27, 2026 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Richardson & Company, LLP

March 27, 2026

YUBA-SUTTER TRANSIT AUTHORITY

STATEMENTS OF NET POSITION

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,252,739	\$ 2,006,026
Accounts receivable	6,937	14,705
Interest receivable	19,815	30,685
Due from other governmental agencies	11,212,219	9,598,634
Prepaid expenses and other assets	75,000	6,470
TOTAL CURRENT ASSETS	<u>14,566,710</u>	<u>11,656,520</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	1,544,158	1,157,186
Capital assets:		
Nondepreciable	3,350,501	3,091,735
Depreciable/amortizable, net	8,663,083	8,562,209
Total Capital Assets	<u>12,013,584</u>	<u>11,653,944</u>
TOTAL NONCURRENT ASSETS	<u>13,557,742</u>	<u>12,811,130</u>
TOTAL ASSETS	<u>28,124,452</u>	<u>24,467,650</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	189,691	260,787
Other post employment benefits plan	71,414	81,047
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>261,105</u>	<u>341,834</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 28,385,557</u>	<u>\$ 24,809,484</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 916,479	\$ 651,349
Accrued payroll	60,309	59,648
Due to other governmental agencies	300,000	
Compensated absences	56,954	52,547
Lease liability - due within one year	130,720	
Unearned revenue	1,987,473	1,157,186
Deposits payable	25,075	26,388
TOTAL CURRENT LIABILITIES	<u>3,477,010</u>	<u>1,947,118</u>
NONCURRENT LIABILITIES		
Lease liability - due in more than one year	185,447	
Net pension liability	124,017	134,414
Other post employment benefits liability	225,462	210,173
TOTAL LIABILITIES	<u>4,011,936</u>	<u>2,291,705</u>
DEFERRED INFLOWS OF RESOURCES		
Pension plan	61,714	71,068
Other post employment benefits plan	42,532	44,923
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>104,246</u>	<u>115,991</u>
NET POSITION		
Investment in capital assets	11,424,105	11,653,944
Restricted for capital projects	2,214,885	1,749,744
Restricted for operations in specified service areas	469,830	312,055
Unrestricted	10,160,555	8,686,045
TOTAL NET POSITION	<u>24,269,375</u>	<u>22,401,788</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 28,385,557</u>	<u>\$ 24,809,484</u>

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

YUBA-SUTTER TRANSIT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Passenger fares	\$ 1,040,775	\$ 886,713
Special transit fares	25,335	30,429
TOTAL OPERATING REVENUES	<u>1,066,110</u>	<u>917,142</u>
OPERATING EXPENSES		
Operations		
Purchased transportation	6,121,758	5,864,059
Depreciation and amortization	1,654,005	1,728,896
Fuel and lubricants	780,946	871,264
Maintenance and supplies	314,305	373,073
Vehicle insurance	319,997	301,219
Total operations	<u>9,191,011</u>	<u>9,138,511</u>
General administration		
Personnel costs	964,529	935,436
Services	124,123	134,417
Utilities	95,317	85,704
Casualty and liability insurance	63,813	60,216
Materials	9,205	21,390
Miscellaneous	114,562	50,737
Total general administration	<u>1,371,549</u>	<u>1,287,900</u>
TOTAL OPERATING EXPENSES	<u>10,562,560</u>	<u>10,426,411</u>
NET LOSS FROM OPERATIONS	(9,496,450)	(9,509,269)
NONOPERATING REVENUES		
Federal Transit Administration operating grants	3,000,000	2,400,000
Local Transportation Fund	4,000,000	4,000,000
State Transit Assistance and State of Good Repair operating	1,969,418	2,353,084
State operating grants		4,725
Advertising	74,021	59,358
Other revenues	82,079	187,020
Interest	67,579	107,759
Gain on disposal of capital assets		1,174
TOTAL NONOPERATING REVENUES	<u>9,193,097</u>	<u>9,113,120</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(303,353)	(396,149)
CAPITAL CONTRIBUTIONS		
Federal Transit Administration	38,105	671,344
State of Good Repair	337,985	306,811
State Transit Assistance	289,740	
SB 125 capital grants	1,480,110	
Other capital contribution revenues	25,000	
TOTAL CAPITAL CONTRIBUTIONS	<u>2,170,940</u>	<u>978,155</u>
CHANGE IN NET POSITION	1,867,587	582,006
Net position at beginning of year	<u>22,401,788</u>	<u>21,819,782</u>
NET POSITION AT END OF YEAR	<u>\$ 24,269,375</u>	<u>\$ 22,401,788</u>

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

YUBA-SUTTER TRANSIT AUTHORITY

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,073,878	\$ 906,660
Cash paid to suppliers for goods and services	(8,158,402)	(7,923,546)
Cash paid to employees for services	(630,089)	(546,039)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(7,714,613)</u>	<u>(7,562,925)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants and subsidies	8,407,732	6,407,340
Other nonoperating revenue	156,100	246,378
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>8,563,832</u>	<u>6,653,718</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received	2,157,649	469,171
Proceeds from sale of capital assets		60,000
Purchases of capital assets	(1,451,632)	(671,344)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>706,017</u>	<u>(142,173)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings received	78,449	104,810
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>78,449</u>	<u>104,810</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,633,685</u>	<u>(946,570)</u>
Cash and cash equivalents at beginning of year	<u>3,163,212</u>	<u>4,109,782</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 4,796,897</u></u>	<u><u>\$ 3,163,212</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Cash and cash equivalents	\$ 3,252,739	\$ 2,006,026
Restricted cash and cash equivalents	1,544,158	1,157,186
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 4,796,897</u></u>	<u><u>\$ 3,163,212</u></u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Net loss from operations	\$ (9,496,450)	\$ (9,509,269)
Adjustments to reconcile net loss from operations to net cash used for operating activities:		
Depreciation and amortization	1,654,005	1,728,896
Changes in operating assets, deferred outflows, liabilities and deferred inflows:		
Accounts receivable	7,768	(10,482)
Prepaid expenses	6,470	12,028
Deferred outflows of resources	80,729	107,778
Accounts payable	35,963	36,348
Accrued payroll	661	17,862
Accrued compensated absences	4,407	26,264
Deposits payable	(1,313)	1,313
Net pension liability	(10,397)	53,500
OPEB liability	15,289	44,112
Deferred inflows of resources	(11,745)	(71,275)
NET CASH USED FOR OPERATING ACTIVITIES	<u><u>\$ (7,714,613)</u></u>	<u><u>\$ (7,562,925)</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Leased land and building acquired	\$ 332,846	
Contributed lease payments	91,679	
Change in capital asset purchases payable	229,167	

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

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

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. The Authority has no component units.

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 using the 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 assets.

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, regardless of the timing of the related cash flows. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received they are recorded as unearned revenues until earned. Transportation Development Act (TDA) revenues are recognized when all eligibility requirements have been met.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for transportation services. Operating expenses include the cost of purchased transportation, fuel and lubricants, administrative expenses, maintenance, insurance and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

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 \$10,000 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.

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. 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. 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 had a lease meeting the recognition criteria of GASB Statement No. 87 at June 30, 2025, as disclosed in Note G, and had no leases meeting the recognition criteria at June 30, 2024. The Agency did not have any subscriptions meeting the recognition criteria of GASB Statement No. 96 at June 30, 2025, and 2024.

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:

	2025	2024
Low Carbon Transit Operations Program	\$ 1,544,158	\$ 1,157,186
Caltrans remote operating location advance and easement	443,315	
	<u>\$ 1,987,473</u>	<u>\$ 1,157,186</u>

Compensated Absences: Under GASB Statement No. 101, the Authority accrues a liability for leave balances that are attributable to services already rendered, that accumulate and are more likely than not to be used for time off or are payable at separation. It is the Authority’s policy to permit employees to accumulate earned but unused annual leave benefits up to a maximum of 384 hours, which may be used for vacation, illness, injury, death in the family, medical and dental care, maternity, or personal business. One member of senior management also accrues 6.7 hours per month of administrative leave that is subject to the same terms as annual leave, but with a 160 hour maximum limit. Unused annual leave and administrative leave is paid to the employees upon separation and is fully accrued as part of compensated absences. The Authority considers the entire balance of compensated absences to be a current liability based on historical usage patterns.

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 plans as described in Notes H and I.

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Restricted Net Position: Restrictions of net position show amounts that are legally restricted for specific uses. The amount restricted for operations in specified service areas represents State Transit Assistance funds claimed on behalf of the Cities 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:

	2025	2024
Cash and cash equivalents	\$ 3,252,739	\$ 2,006,026
Restricted cash and cash equivalents	1,544,158	1,157,186
Total cash and cash equivalents	\$ 4,796,897	\$ 3,163,212

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

	2025	2024
Cash on hand	\$ 300	\$ 1,019
Deposits in financial institutions:		
Unrestricted	1,376,659	98,950
Restricted	1,544,158	1,157,186
Total deposits in financial institutions	2,920,817	1,256,136
Investment in Local Agency Investment Fund (LAIF):		
Unrestricted	1,875,780	1,906,057
Total	1,875,780	1,906,057
Total cash and cash equivalents	\$ 4,796,897	\$ 3,163,212

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).

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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, 2025 and 2024, the weighted average maturity of the investments contained in the LAIF investment pool was approximately 248 and 217 days, respectively.

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

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a 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, 2025 and 2024, the carrying amount of the Authority’s deposits was \$2,920,817 and \$1,256,136 and the balance in financial institutions was \$2,919,090 and \$1,326,373, 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 \$179,153,321,241, which is managed by the State Treasurer. Of that amount, 3.81% was invested in asset-backed 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:

	2025	2024
Sacramento Area Council of Governments (STA)	\$ 6,861,434	\$ 6,172,916
Sacramento Area Council of Governments (SGR)	1,770,073	1,432,088
Sacramento Area Council of Governments (LTF)	1,105,454	923,663
State Department of Transportation grants (FTA pass-through and other)	774,439	351,050
Sacramento Area Council of Governments (SB125)	543,713	
Connect Card Consortium	115,295	96,357
Other	41,811	102,266
Federal Transit Administration (FTA) grants		520,294
Total due from other governmental agencies	<u>\$ 11,212,219</u>	<u>\$ 9,598,634</u>

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE D – CAPITAL ASSETS

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

	Balance at July 1, 2024	Additions	Retirements	Transfers	Balance at June 30, 2025
Capital assets, not being depreciated					
Land	\$ 1,863,730				\$ 1,863,730
Land improvements	6,661				6,661
Work in progress	1,221,344	\$ 1,525,130		\$ (1,266,364)	1,480,110
Total capital assets not being depreciated	3,091,735	1,525,130		(1,266,364)	3,350,501
Capital assets, being depreciated/amortized:					
Buildings and improvements	4,680,443				4,680,443
Vehicles	18,112,867	95,663		1,266,364	19,474,894
Maintenance tools and equipment	357,007	60,006			417,013
Office equipment	146,732		\$ (58,431)		88,301
Lease assets - land and building		332,846			332,846
Total capital assets being depreciated/ amortized	23,297,049	488,515	(58,431)	1,266,364	24,993,497
Less accumulated depreciation/amortization for:					
Buildings and improvements	(2,653,630)	(173,627)			(2,827,257)
Vehicles	(11,722,438)	(1,388,278)			(13,110,716)
Maintenance tools and equipment	(212,040)	(34,713)			(246,753)
Office equipment	(146,732)		58,431		(88,301)
Lease assets - land and building		(57,387)			(57,387)
Total accumulated depreciation/ amortization	(14,734,840)	(1,654,005)	58,431		(16,330,414)
Total capital assets being depreciated/ amortized, net	8,562,209	(1,165,490)		1,266,364	8,663,083
Capital assets, net	\$ 11,653,944	\$ 359,640	\$ -	\$ -	\$ 12,013,584
	Balance at July 1, 2023	Additions	Retirements	Transfers	Balance at June 30, 2024
Capital assets, not being depreciated					
Land	\$ 1,863,730				\$ 1,863,730
Land improvements	6,661				6,661
Work in progress	550,000	\$ 671,344			1,221,344
Total capital assets not being depreciated	2,420,391	671,344			3,091,735
Capital assets, being depreciated:					
Buildings and improvements	4,691,997		\$ (11,554)		4,680,443
Vehicles	19,169,401		(1,056,534)		18,112,867
Maintenance tools and equipment	357,007				357,007
Office equipment	146,732				146,732
Total capital assets being depreciated	24,365,137		(1,068,088)		23,297,049
Less accumulated depreciation for:					
Buildings and improvements	(2,486,142)	(174,361)	6,873		(2,653,630)
Vehicles	(11,248,355)	(1,520,617)	1,046,534		(11,722,438)
Maintenance tools and equipment	(178,327)	(33,713)			(212,040)
Office equipment	(146,527)	(205)			(146,732)
Total accumulated depreciation	(14,059,351)	(1,728,896)	1,053,407		(14,734,840)
Total capital assets being depreciated, net	10,305,786	(1,728,896)	(14,681)		8,562,209
Capital assets, net	\$ 12,726,177	\$ (1,057,552)	\$ (14,681)	\$ -	\$ 11,653,944

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

June 30, 2025 and 2024

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:

	2025	2024
Fare revenues	\$ 1,066,110	\$ 917,142
Local funds:		
Federal funds	3,000,000	2,400,000
Advertising	74,021	59,358
Other revenues	82,079	187,020
Interest	67,579	107,759
Proceeds from sale of capital assets		15,855
Total fare revenues and local funds	\$ 4,289,789	\$ 3,687,134
Total operating expenses	\$ 10,562,560	\$ 10,426,411
Less: Pension expense in excess of actuarially determined contribution	(51,345)	(115,301)
Less: OPEB expense in excess of actuarially determined contribution	(22,531)	(18,814)
Less: Depreciation and amortization	(1,654,005)	(1,728,896)
Net operating expenses	\$ 8,834,679	\$ 8,563,400
Fare revenue ratio	48.56%	43.06%

The Authority complied with the required 14.6% fare revenue for the years ended June 30, 2025 and 2024.

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 – LONG-TERM LIABILITIES

Long-term liabilities activity for the years ended June 30 consisted of the following:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within one Year
Compensated absences	\$ 52,547	\$ 4,407 *		\$ 56,954	\$ 56,954
Lease liability		332,846	\$ (16,679)	316,167	130,720
	\$ 52,547	\$ 337,253	\$ (16,679)	\$ 373,121	\$ 187,674
	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within one Year
Compensated absences	\$ 26,283	\$ 26,264 *		\$ 52,547	\$ 52,547
	\$ 26,283	\$ 26,264	\$ -	\$ 52,547	\$ 52,547

*The change in the compensated absences liability is presented as a net change.

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE G – LONG-TERM LIABILITIES (Continued)

In February 2025, the Authority entered into a 22-month lease agreement with the County of Yuba for the use of the Yuba County Airport Terminal Area Lots 19 and 20. The space is used for bus parking while the California Department of Transportation (Caltrans) uses part of the Authority’s bus parking area for its State Route (SR) 70 Improvement Project. Monthly payments are \$12,500 with a rent holiday for the first 3 months of the lease. Payments for any extension months will be a minimum of 1.5 times the base monthly rate. The lease payments are paid by Caltrans on behalf of the Authority. The agreement contains an option to negotiate a new lease upon expiration of the term, which is expected as the SR 70 project has been delayed by 7 months. Due to the delay, 7 months were added to the initial term. For purposes of discounting future payments on the lease, the Authority applied a 7.50% incremental borrowing rate. The total lease asset recorded was \$332,846, with accumulated amortization of \$57,387 as of June 30, 2025. The lease asset is being amortized over the 29-month lease term including extension periods, with amortization expense of \$57,387 and interest expense of \$8,321 during the year ended June 30, 2025. Future minimum lease payments at June 30, 2025 were as follows:

Year Ending June 30:	Principal	Interest	Total
2026	\$ 130,720	\$ 19,280	\$ 150,000
2027	185,447	8,303	193,750
Total	<u>\$ 316,167</u>	<u>\$ 27,583</u>	<u>\$ 343,750</u>

NOTE H – 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 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, 2025 and 2024 are summarized as follows:

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

June 30, 2025 and 2024

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

	Miscellaneous	PEPRA Miscellaneous
	Prior to January 1, 2013	On or after January 1, 2013
CalPERS membership date		
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 63	52 - 67
Final average compensation period	Three years	Three years
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.50%
Required employee contribution rates 2024	7.00%	7.75%
Required employer contribution rates 2024	11.84%	7.68%
Required employee contribution rates 2025	7.00%	7.75%
Required employer contribution rates 2025	11.88%	7.87%

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 \$6,313 during the year ended June 30, 2025. The Authority did not make any UAL contributions to CalPERS during the year ended June 30, 2024.

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 \$68,854 and \$53,889 for the years ended June 30, 2025 and 2024, respectively.

Pension Assets/Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: The Authority reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$124,017 and \$134,414 as of June 30, 2025 and 2024, respectively.

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, 2025 and 2024 was measured as of June 30, 2024 and 2023, 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, 2023 and 2022 rolled forward to June 30, 2024 and 2023, respectively, using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Authority's proportionate share of the net pension liability at June 30 was as follows:

Proportion - June 30, 2023	0.00173%
Proportion - June 30, 2024	0.00269%
Change	<u>0.00096%</u>
Proportion - June 30, 2025	0.00256%
Change	<u>-0.00013%</u>

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

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

For the years ended June 30, 2025 and 2024, the Authority recognized pension expense of \$120,200 and \$169,190, 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:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 68,854		\$ 53,889	
Differences between expected and actual experience	10,723	\$ (418)	6,867	\$ (1,065)
Changes in assumptions	3,187		8,115	
Net differences between projected and actual earnings				
on pension plan investments	7,140		21,763	
Change in employer's proportion	99,787		170,153	
Difference between actual contributions and proportionate share of contributions.		(61,296)		(70,003)
Total	\$ 189,691	\$ (61,714)	\$ 260,787	\$ (71,068)

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	2025	2024
2025		\$ 73,526
2026	\$ 48,644	48,672
2027	12,566	13,007
2028	359	625
2029	(2,446)	
	\$ 59,123	\$ 135,830

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

	2025	2024
Valuation date	June 30, 2023	June 30, 2022
Measurement date	June 30, 2024	June 30, 2023
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%	6.90%
Inflation	2.30%	2.30%
Payroll growth	2.80%	2.80%
Projected salary increases	0.2% - 7.64% (1)	0.2% - 7.64% (1)
Investment rate of return	6.90%	6.90%
Mortality	CalPERS Table	CalPERS Table

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

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

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

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, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members will be made at the current member contribution rates and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

The table below reflects the long-term expected real rate of return by asset class for the Plan for the years ended June 30. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	2025		2024	
	New Strategic Allocation	Real Return Years 1 - 10(a)	New Strategic Allocation	Real Return Years 1 - 10(a)
Global equity - cap-weighted	30.0%	4.54%	30.0%	4.54%
Global equity - non-cap-weighted	12.0%	3.84%	12.0%	3.84%
Private equity	13.0%	7.28%	13.0%	7.28%
Treasury	5.0%	0.27%	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%	5.0%	0.50%
Investment grade corporates	10.0%	1.56%	10.0%	1.56%
High yield	5.0%	2.27%	5.0%	2.27%
Emerging market debt	5.0%	2.48%	5.0%	2.48%
Private debt	5.0%	3.57%	5.0%	3.57%
Real assets	15.0%	3.21%	15.0%	3.21%
Leverage	-5.0%	-0.59%	-5.0%	-0.59%
Total	<u>100.0%</u>		<u>100.0%</u>	

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

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

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

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:

	2025	2024
1% decrease	5.90%	5.90%
Net pension liability (asset)	\$ 469,719	\$ 435,193
Current discount rate	6.90%	6.90%
Net pension liability (asset)	\$ 124,017	\$ 134,414
1% increase	7.90%	7.90%
Net pension liability (asset)	\$ (160,547)	\$ (113,153)

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, 2025 and 2024, the Authority reported a payable of \$9,134 and \$8,627, respectively, for the outstanding amount of contributions to the Plan.

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 2.5% per month for the Executive Director 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, 2025 and 2024, the Authority contributed \$10,029 and \$8,519 and employees contributed \$34,752 and \$26,710, respectively.

NOTE I – OTHER POSTEMPLOYMENT 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 \$1,890 and \$1,848 for the years ending June 30, 2025 and 2024, respectively. 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.

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

June 30, 2025 and 2024

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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:

	2025	2024
Retired members and beneficiaries currently receiving benefit payments	1	1
Inactive participants with deferred benefits but not receiving benefits		
Active employees	4	4
Total	5	5

Contributions: The Authority’s Board of Directors has the authority under the California Government Code to establish and amend contribution requirements. The Authority’s contributions during the year ended June 30, 2025 were \$11,044 and consisted of direct payments of insurance premiums of \$1,890 and implied subsidy payments of \$9,154. The Authority’s contributions during the year ended June 30, 2024 were \$11,002 and consisted of direct payments of insurance premiums of \$1,848 and implied subsidy payments of \$9,154.

Total OPEB Liability: The Authority's total OPEB liability at June 30, 2025 and 2024 was measured as of June 30, 2024 and 2023, and was determined by an actuarial valuation as of June 30, 2023 for both years.

Actuarial Assumptions and Other Inputs: The total OPEB liability at the June 30, 2024 and 2023 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless specified otherwise:

	2025	2024
Valuation date	June 30, 2023	June 30, 2023
Measurement date	June 30, 2024	June 30, 2023
Actuarial cost method	Entry-age normal cost method	Entry-age normal cost method
Actuarial assumptions:		
Inflation	2.30%	2.62%
Salary increases	3.25%	3.25%
Discount rate	3.97%	3.86%
Mortality rate	CalPERS 2021 Experience Study	CalPERS 2021 Experience Study
Healthcare trend rate	Pre-65: 7.63% in 2025, decreasing to an ultimate rate of 4.5% in 2052. Post-65: 5% in 2025, decreasing to an ultimate rate of 4.5% in 2052.	Pre-65: 7.88% in 2024, decreasing to an ultimate rate of 4.5% in 2052. Post-65: 4.85% in 2024, decreasing to an ultimate rate of 4.5% in 2052.
Participation rate	100%	100%

The health care cost trend rate was updated to reflect 2023 industry survey data. 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. Mortality improvement information was derived from the 2021 CalPERS experience studies at June 30, 2025 and 2024. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

Changes in actuarial assumptions during the year ended June 30, 2025 included the following: The discount rate increased from 3.86% to 3.97% and the inflation rate decreased from 2.62% to 2.30%. Changes in actuarial assumptions during the year ended June 30, 2024 included the following: The discount rate increased from 3.69% to 3.86% and the inflation rate increased from 2.26% to 2.62%.

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

June 30, 2025 and 2024

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	2025			2024		
	Increase (Decrease)			Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1	\$ 210,173		\$ 210,173	\$ 166,061		\$ 166,061
Changes during the year:						
Service cost	20,276		20,276	19,466		19,466
Interest	8,709		8,709	6,840		6,840
Plan experience				9,431		9,431
Changes in assumptions	(3,920)		(3,920)	8,708		8,708
Benefit payments	(9,776)	\$ (9,776)		(333)	\$ (333)	
Contributions - employer		9,776	(9,776)		333	(333)
Net change	15,289		15,289	44,112		44,112
Balance at June 30	\$ 225,462	\$ -	\$ 225,462	\$ 210,173	\$ -	\$ 210,173

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:

	2025			2024		
	Current			Current		
	1% Decrease 2.97%	Discount Rate 3.97%	1% Increase 4.97%	1% Decrease 2.86%	Discount Rate 3.86%	1% Increase 4.86%
Net OPEB liability	\$ 267,546	\$ 225,462	\$ 191,954	\$ 247,097	\$ 210,173	\$ 180,718

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:

	2025			2024		
	Current			Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	\$ 185,996	\$ 225,462	\$ 276,250	\$ 175,224	\$ 210,173	\$ 255,105

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the years ended June 30, 2025 and 2024, the Authority recognized OPEB expense of \$32,349 and \$30,150. At June 30, 2025 and 2024, the Authority reported deferred outflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to measurement date	\$ 11,044		\$ 11,002	
Differences between actual and expected experience	33,321	\$ (520)	38,822	\$ (595)
Changes in assumptions	27,049	(42,012)	31,223	(44,328)
Total	\$ 71,414	\$ (42,532)	\$ 81,047	\$ (44,923)

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

June 30, 2025 and 2024

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The amount reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net OPEB liability in the following fiscal year. All other amounts are recognized over the expected average remaining service lifetime (EARSL), which was 8.2 and 8.19 years at June 30, 2025 and 2024, respectively, as follows:

Year Ended June 30	2025	2024
2025		\$ 3,843
2026	\$ 3,364	3,843
2027	3,364	3,843
2028	3,364	3,843
2029	3,364	3,843
2030	3,364	
Thereafter	1,018	5,907
	\$ 17,838	\$ 25,122

NOTE J – CONTINGENT LIABILITIES AND COMMITMENTS

Grant Contingency: 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. As discussed in the schedule of findings and questioned costs, Caltrans required the return of a \$300,000 grant in December 2025. Based on prior experience, the Authority believes any further disallowances, if any, will be immaterial.

Legal Contingency: The Authority is the party to claims filed in the normal course of business that are expected to be covered by its insurance policies. Management does not believe the claims will have a material adverse impact on the Authority.

Commitments: On August 19, 2019, the Authority entered into a four-year agreement with Storer Transit Systems to provide transit services that was extended through September 2025. On May 1, 2025, the Authority extended the contract term for another two years from October 1, 2025 through September 30, 2027. The maximum commitment remaining under the agreement was \$17,039,560 and \$9,052,196 at June 30, 2025 and 2024, respectively.

Commitments for 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. The ICT regulation provides for exemptions and compliance options to provide flexibility for transit agencies to ensure transit service is not adversely impacted through the implementation. Providing that all required information is correct and complete, year-by-year exemptions are to be granted upon request for circumstances that are beyond a transit agency’s control. In November 2025, the Yuba-Sutter Transit Authority Board authorized the submittal of an exemption request to CARB for calendar year 2026 due to the anticipated relocation of the Authority’s heavy-duty bus fleet to a temporary, leased operations site during the California Department of Transportation (Caltrans) SR 70 Binney Junction Roadway Rehabilitation and Complete Streets project (discussed below) to widen and improve SR 70 in Marysville. Staff anticipate receiving CARB exemptions from the ICT requirements through at least the end of the Caltrans construction project.

Yuba-Sutter Transit’s current transit facility is operating near capacity with no room for significant growth, and 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. The new Next Generation Zero-Emission Bus Operations, Maintenance, and Administration Facility Project (Project) will replace the existing transit facility

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE J – CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

and support a zero-emission public bus fleet conversion and future service expansion in the Yuba-Sutter bi-county area. The Authority has secured a property at 6035 Avondale Ave. in Linda with sufficient space for the Project’s needs and for other potential co-developments, such as a mobility hub that could support multiple transportation modes.

The current year cost estimate for final Project facility design, environmental assessment, construction, and battery electric bus (BEB) infrastructure is \$65.5 million. The Authority intends to fund the Project with a mix of federal, state, and local funds and has been applying for funds at all levels. To date, the Authority has secured over \$64 million, including federal (\$32.8 million), state (\$32.6 million). Environmental and preliminary design work commenced in September 2024, and construction is anticipated to begin in calendar year 2027.

The Authority is planning to sell the current facility and possibly lease the space back if 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, and construction is expected to continue into calendar year 2027. 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. In March 2025, the Authority executed three additional easements with Caltrans for the second phase of construction and permanent access to the property for future maintenance of the adjacent Caltrans assets.

Contract Commitments: The following contracts were approved with the following amounts expended as of June 30, 2025:

Contract Commitments	Awarded	Expended	Unexpended
Next Generation Transit Facility architectural and engineering design	\$ 1,499,999	\$ 1,340,521	\$ 159,478
Next Generation Transit Facility consulting and project management	490,000	171,393	318,607
Vehicle wraps, bus stop signs and facility signage	220,074	101,823	118,251
Marketing services	150,000	74,416	75,584
	<u>\$ 2,360,073</u>	<u>\$ 1,688,153</u>	<u>\$ 671,920</u>

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 K – OTHER STATE GRANTS

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) had previously elected to treat these funds on a cost reimbursement basis, but removed that requirement during the year ended June 30, 2024. SGR funds receivable from and held by SACOG at June 30, 2025 and 2024 were \$1,770,073 and \$1,432,088, respectively. The Authority did not receive nor expend any SGR funds for the years ended June 30, 2025 and 2024.

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

June 30, 2025 and 2024

NOTE K – OTHER STATE GRANTS (Continued)

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 \$505,420 and \$468,001 of LCTOP funding for the programs in the tables below during the years ended June 30, 2025 and 2024. LCTOP funds received and expended were verified in the course of the audit as follows for the years ended June 30:

	2025			Total
	Targeted Fare Subsidies	Next Generation Transit Facility	Roseville Commuter Service	
Beginning balance	\$ 20,094	\$ 1,137,092		\$ 1,157,186
LCTOP funds received	160,000	127,420	\$ 218,000	505,420
LCTOP funds transferred in (out)	218,000		(218,000)	
Changes in unspent interest		20,855		20,855
Expenses incurred:				
Targeted fare subsidies	(139,303)			(139,303)
Unexpended proceeds, including interest	\$ 258,791	\$ 1,285,367	\$ -	\$ 1,544,158

	2024		Total
	Targeted Fare Free Subsidies	Next Generation Transit Facility	
Beginning balance		\$ 819,821	\$ 819,821
LCTOP funds received	\$ 168,001	300,000	468,001
Changes in unspent interest		17,271	17,271
Expenses incurred:			
Targeted fare subsidies	(147,907)		(147,907)
Unexpended proceeds, including interest	\$ 20,094	\$ 1,137,092	\$ 1,157,186

NOTE L – SUBSEQUENT EVENTS

Contracts approved: On July 21, 2025 the Authority entered into a contract with Passio Technologies to provide a real-time General Transit Feed Specification (GTFS) feed on approximately 33 local and commuter buses that will allow passengers and staff to view bus locations via the app or web interface, which will improve the passenger experience. The total cost of the contract is not to exceed \$145,699.

On October 16, 2025, the Board of Directors approved the purchase and warranty of five Ford 350 EL Transit Style Shuttle Vans in an amount not to exceed \$607,314.

On November 20, 2025, the Board of Directors approved the purchase of two low-floor wheelchair accessible cutaways in the amount of \$404,440.

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE M – NEW PRONOUNCEMENTS

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. This Statement was implemented during the year ended June 30, 2025 and had no impact on the compensated absences recognized.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes a primary government, or reporting unit that reports a liability for revenue debt, vulnerable to the risk of a substantial impact and to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to occur within 12 months of the date the financial statements are issued. If the criteria in the Statement have been met for a concentration or constraint, the government should disclose information in notes to financial statements in sufficient detail to enable users of financial statements understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. This Statement was implemented during the year ended June 30, 2025 and had no impact on the Authority's financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability, including 1) certain topics and disclosures in Management's Discussion and Analysis; 2) requiring the display of inflows and outflows of unusual and infrequent items to be reported separately as the last presented flow(s) of resources prior to the net change in resources flows in the government-wide, governmental fund, and proprietary fund statement of resources flows; 3) changing the definition of proprietary fund nonoperating revenues and expenses to include subsidies received and provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory and investment income and expenses and defines operating revenues and expenses as revenue and expenses other than nonoperating revenue and expenses; 4) requires major component units to be presented separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and 5) requires budgetary comparison schedules to be reported as Required Supplementary Information (RSI), requires the presentation of variances between original and final budget amounts and final budget and actual amounts in the RSI and requires the explanation of significant variances to be reported in notes to the RSI. The provisions of this Statement are effective for years beginning after June 15, 2025.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires lease assets recognized in accordance with GASB Statement No. 87, *Leases*, right-to-use assets recognized in accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, subscription assets recognized in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and other intangible assets to be disclosed separately in capital assets footnote disclosures. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should disclose the ending historical cost and accumulated depreciation by major class of asset and the carrying amount of debt for which the assets are pledged as collateral by major class of asset held for sale under this Statement. This provisions of this Statement is effective for fiscal years beginning after June 15, 2025.

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

June 30, 2025 and 2024

NOTE M – NEW PRONOUNCEMENTS (Continued)

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The provisions of this Statement are effective for fiscal years beginning after June 15, 2026.

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

REQUIRED SUPPLEMENTARY INFORMATION

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YUBA-SUTTER TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2025 and 2024

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability at measurement date	0.00256%	0.00269%	0.00173%	-0.01476%	0.00049%	0.00917%	0.00898%	0.00903%	0.00890%	0.00895%
Proportionate share of the net pension liability (asset)	\$ 124,017	\$ 134,414	\$ 80,914	\$ (280,297)	\$ 20,745	\$ 367,031	\$ 338,485	\$ 356,041	\$ 309,326	\$ 245,520
Covered payroll for measurement period	\$ 521,557	\$ 447,721	\$ 411,661	\$ 398,240	\$ 385,549	\$ 371,157	\$ 370,163	\$ 323,320	\$ 301,224	\$ 290,280
Proportionate share of the net pension liability as a percentage of covered payroll	23.78%	30.02%	19.66%	-70.38%	5.38%	98.89%	91.44%	110.12%	102.69%	84.58%
Plan fiduciary net position	\$ 2,437,870	\$ 2,089,531	\$ 1,989,002	\$ 2,214,866	\$ 1,753,922	\$ 1,312,693	\$ 1,225,636	\$ 1,075,838	\$ 959,081	\$ 923,112
Plan fiduciary net position as a percentage of the total pension liability	95.16%	93.96%	96.09%	114.49%	98.83%	78.15%	78.36%	75.13%	75.61%	78.99%
Benefit changes: There were no changes to benefit terms.										
Changes in assumptions:										
Change in discount rate	6.90%	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.65%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution during employer's fiscal year (actuarially determined)	\$ 68,854	\$ 53,889	\$ 43,149	\$ 41,171	\$ 37,935	\$ 65,976	\$ 58,912	\$ 51,091	\$ 45,090	\$ 40,421
Contributions in relation to the actuarially determined contributions	(68,854)	(53,889)	(43,149)	(41,171)	(37,935)	(424,303)	(58,912)	(51,091)	(45,090)	(40,421)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (358,327)	\$ -	\$ -	\$ -	\$ -
Covered payroll for employer's fiscal year	\$ 611,554	\$ 521,557	\$ 447,721	\$ 411,661	\$ 398,240	\$ 385,549	\$ 371,157	\$ 370,163	\$ 323,320	\$ 301,224
Contributions as a percentage of covered payroll	11.26%	10.33%	9.64%	10.00%	9.53%	17.11%	15.87%	13.80%	13.95%	13.42%
Notes to Schedule:										
Contribution valuation date - June 30	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Reporting valuation date - June 30	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting measurement date - June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015

Methods and assumptions used to determine contribution rates:

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	Market Value	Market Value
Inflation	2.30%	2.30%	2.50%	2.50%	2.50%	2.625%	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.	6.80%	6.80%	7.00%	7.00%	7.00%	7.25%	7.375%	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.									

YUBA-SUTTER TRANSIT AUTHORITY

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

June 30, 2025

	2025	2024	2023	2022	2021	2020
Service cost	\$ 20,276	\$ 19,466	\$ 27,355	\$ 18,306	\$ 12,956	\$ 11,483
Interest	8,709	6,840	4,692	2,950	3,203	2,770
Differences between expected and actual experience		9,431		43,593	(895)	
Changes in assumptions	(3,920)	8,708	(55,844)	9,854	21,316	4,213
Benefit payments	(9,776)	(333)				
Net change in total OPEB liability	15,289	44,112	(23,797)	74,703	36,580	18,466
Total OPEB liability - beginning	210,173	166,061	189,858	115,155	78,575	60,109
Total OPEB liability - ending (a)	\$ 225,462	\$ 210,173	\$ 166,061	\$ 189,858	\$ 115,155	\$ 78,575
Plan fiduciary net position						
Contributions - employer	\$ 9,776	\$ 333				
Benefit payments	(9,776)	(333)				
Net change in plan fiduciary net position						
Plan fiduciary net position - beginning						
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending (a)-(b)	\$ 225,462	\$ 210,173	\$ 166,061	\$ 189,858	\$ 115,155	\$ 78,575
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll - measurement period	\$ 521,557	\$ 421,752	\$ 411,661	\$ 398,240	\$ 385,549	\$ 371,157
Net OPEB liability as a percentage of covered-employee payroll	43.23%	49.83%	40.34%	47.67%	29.87%	21.17%
Notes to schedule:						
Valuation date - June 30	2023	2023	2021	2021	2019	2019
Measurement date - June 30	2024	2023	2022	2021	2020	2019
Benefit changes:						
PEMHCA minimum payment per month:	\$ 158	\$ 157	\$ 151	\$ 149	\$ 143	\$ 139
Changes of assumptions:						
Discount rate	3.97%	3.86%	3.69%	2.16%	2.21%	3.50%
Mortality: CalPERS Experience Study date	2021	2021	2017	2017	2017	2017

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.

YUBA-SUTTER TRANSIT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)
LAST TEN FISCAL YEARS

June 30, 2025

	2025	2024	2023	2022	2021	2020
Actuarially determined contribution - employer fiscal year	\$ 11,044	\$ 11,002	\$ 2,340	\$ 3,516	\$ 2,823	\$ 1,549
Contributions in relation to the actuarially determined contributions	(11,044)	(11,002)	(2,340)	(3,516)	(2,823)	(1,549)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll - employer fiscal year	\$ 611,554	\$ 521,557	\$ 421,752	\$ 411,661	\$ 398,240	\$ 385,549
Contributions as a percentage of covered-employee payroll	1.81%	2.11%	0.55%	0.85%	0.71%	0.40%
Notes to schedule:						
Valuation date - June 30	2023	2023	2021	2021	2019	2019
Measurement date - June 30	2024	2023	2022	2021	2020	2019
Methods and assumptions used to determine contribution rates:						
Actuarial cost method				Entry Age Normal Cost Method		
Amortization method				Straight-line amortization		
Asset valuation method				Market value		
Funding Policy				Pay-as-you-go funding		
Discount Rate	3.97%	3.86%	3.69%	2.16%	2.21%	3.50%
Inflation	2.30%	2.62%	2.26%	2.26%	2.26%	2.26%
Salary increases	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Retirement age				50 to 75 years		
Healthcare trend:						
Initial rate						
Pre-65	7.63%	7.88%	7.60%	7.60%	7.20%	7.20%
Post-65	5.00%	4.85%	5.70%	5.70%	4.60%	4.60%
Trends down to	4.50%	4.50%	4.00%	4.00%	4.50%	4.50%
Mortality				Latest CalPERS Study		
Participation percentage	100%	100%	100%	100%	100%	100%

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.

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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, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 27, 2026.

Report on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2025-001 that we consider to be a material weakness.

Report on 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 expenditure of other state grant funds, as presented in Note K 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 an instance of

To the Board of Directors
Yuba-Sutter Transit Authority

noncompliance or other matters that is required to be reported under *Government Auditing Standards*, the TDA or other state grant program requirements and which is described in the accompanying schedule of findings and questioned costs as Finding 2025-001.

Authority's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

March 27, 2026



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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

Qualified and Unmodified Opinions

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, 2025. 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.

Qualified Opinion on AL 20.205 Highway Planning and Construction Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Highway Planning and Construction program for the year ended June 30, 2025.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2025.

Basis for Qualified and Unmodified Opinions

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 qualified and unmodified opinions 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.

To the Board of Directors
Yuba-Sutter Transit Authority

Matter Giving Rise to Qualified Opinion on AL 20.205 Highway Planning and Construction Program

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with Procurement, Suspension and Debarment requirements for AL. 20.205, the Highway Planning and Construction Program, as described in Finding 2025-001.

Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

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 for 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding 2025-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings

To the Board of Directors
Yuba-Sutter Transit Authority

and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2025-001 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

March 27, 2026

YUBA-SUTTER TRANSIT AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2025

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	Yes
b. Significant deficiencies identified not considered to be material weaknesses?	None Reported
3. Noncompliance material to financial statements under <i>Government Auditing Standards</i> noted?	None Noted

Federal Awards

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

4. Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program</u>
20.507 and 20.526	Federal Transit Cluster
20.205	Highway Planning and Construction

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)?	No

B. Current Year Findings – Financial Statement Audit

Internal Control Over Financial Reporting

Finding 2025-001: See this finding described under the Current Year Findings and Questioned Costs – Major Federal Awards Programs Audit – section below. The finding is also considered to be a finding for the report on internal control over financial reporting for the financial statement audit.

Compliance and Other Matters

Finding 2025-001: See this finding described under the Current Year Findings and Questioned Costs – Major Federal Awards Programs Audit – section below. The finding is also considered to be a finding for the report on compliance and other matters for the financial statement audit.

YUBA-SUTTER TRANSIT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended June 30, 2025

C. Current Year Findings and Questioned Costs – Major Federal Awards Programs Audit

Report on Compliance for Each Major Program

Finding 2025-001 – Material Weakness

AL No: 20.205 Highway Planning and Construction

Federal Grantor: U.S. Department of Transportation, Federal Highway Administration (FHWA)

Passed-through: California Department of Transportation (Caltrans) and the Sacramento Area Council of Governments (SACOG)

Passed-through Grantor's No's.: SPIL-6085 (091) for Caltrans and #240023 for SACOG.

Compliance Requirement: Procurement, Suspension and Debarment

Criteria: 2 CFR Part 200, Subpart E (Uniform Guidance) Section 200.318(a) states that the “The recipient or subrecipient must maintain and use documented procedures for procurement transactions under a Federal award or subaward, including for acquisition of property or services. These documented procurement procedures must be consistent with State, local, and tribal laws and regulations and the standards identified in Sections 200.317 through 200.327.” The contract should have conformed to the following sections in the Caltrans Local Assistance Procedures Manual (LAPM):

- Section 10.1 provides requirements for federally funded architectural and engineering (A&E) contracts.
- Section 10.3 provides requirements for non-A&E contracts.
- Section 10.1.9 states that the local public agency (LPA) must “obtain Caltrans approval on the Exhibit 12-F: Cost Effectiveness/Public Interest Finding/A&E Noncompetitive and retain all documents in the project files” for procurements by noncompetitive proposals.
- Section 9.7.2 states that the LPA must have a Disadvantaged Business Enterprise (DBE) goal set, and “must have an Exhibit 9-D: DBE Contract Goal Methodology submitted to the” District Local Assistance Engineer (DLAE). “LPAs may not advertise the contract before receiving DLAE feedback on the DBE goal.”

Condition: Caltrans notified the Authority that two Next-Generation Facility Project (the Project) consulting contracts were procured in compliance the Federal Transit Administration’s (FTA’s) procurement guidelines but did not conform with the State of California LAPM. Caltrans indicated that the AECOM A&E consultant contract procurement did not comply with Sections 10.01 and 10.1.9 of the LAPM, including not including a Public Interest Finding for the sole source procurement of the agreement, and the LeFlore Group, LLC non-A&E consultant contract procurement did not comply with Section 10.3 of the LAPM. In addition, a Disadvantaged Business Enterprise goal was not requested nor completed as part of the advertisement for the project, which was required under Section 9.7.2 of the Caltrans LAPM.

Effect: The Authority was not in compliance with the Caltrans LAPM and as a result, the Authority was required to halt work and repay Caltrans and SACOG for funds already reimbursed to the Project of \$300,000 under AL 20.205.

Cause: Caltrans and SACOG are both pass-through agencies for this grant, with the Authority being the final subrecipient. SACOG was not aware that the procurement requirements under this grant follow U.S. Department of Transportation, Federal Highway Administration requirements that differ from U.S. Department of Transportation, Federal Transit Administration requirements, which are administered by a different Caltrans department. As a result, the additional requirements in the LAPM were not communicated to the Authority and the Authority was not aware of the requirements and failed to comply with the LAPM.

YUBA-SUTTER TRANSIT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended June 30, 2025

Context: The Authority submitted the procurement to the Caltrans Federal Transit Administration Programs Procurement Oversight Branch for approval prior to contracting with the consultants and the procurement was approved. However, the grant was provided through the Federal Highway Administration (FHWA) and Caltrans has a different oversight Branch for FHWA funded projects, which was not made clear to the Authority by either pass-through agency. AL 20.205 was originally reported on the SEFA and was selected for testing a major program as it was a high-risk Type B program under which the Authority incurred \$300,000 of grant expenses and received the grant proceeds prior to June 30, 2025. Caltrans issued a sanction letter on December 9, 2025, which required the grant funds to be returned to Caltrans. As a result, the Authority removed the expenses from the SEFA, but the program is reported as a major program to report the procurement finding on the schedule of findings and questioned costs.

- Questioned Costs: \$300,000

Recommendation: We recommend the Authority add additional language to its Procurement Policy documenting the requirement to follow Section 10 of the LAPM and the criteria under which it applies when grants are received from the FHWA.

Management's Response: Management's response is included in the attached Corrective Action Plan.

Report on Internal Control over Compliance

See finding 2025-001 above, which is also considered to be an internal control over compliance finding in the Major Federal Awards Program Audit.

D. Prior Year Findings

None

YUBA-SUTTER TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

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 Highway Administration			
Passed-through the California Department of Transportation and the Sacramento Area Council of Governments			
Highway Planning and Construction Surface Transportation Block Program	20.205	SPTL-6085(091), #240023	\$ -
U. S. Department of Transportation, Federal Transit Administration			
Federal Transit Cluster			
Federal Transit Formula Grants, Direct Program Section 5307	20.507		2,500,000
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs - Direct Program Section 5339	20.526		38,105
Total Federal Transit Cluster			<u>2,538,105</u>
Passed-through the California Department of Transportation			
Formula Grants for Rural Areas			
Section 5311	20.509	Applied For	250,000
ARPA Section 5311	20.509	64TO21-01892	250,000
Total AL 20.509			<u>500,000</u>
Total passed-through the State of California, Department of Transportation			<u>500,000</u>
Total U. S. Department of Transportation, Federal Transit Administration			<u>3,038,105</u>
TOTAL FEDERAL AWARDS			<u>\$ 3,038,105</u>

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

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

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, 2025. 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, 2025.

NOTE E – DISALLOWED GRANT EXPENSES UNDER AL 20.205 WERE REMOVED FROM SCHEDULE

The District was notified subsequent to June 30, 2025 by the California Department of Transportation that it disallowed the \$300,000 grant under AL 20.205. Consequently, the grant expenses were removed from the Schedule. See Finding 2025-001 on the schedule of findings and questioned costs.



March 27, 2026

Richardson & Company, LLP
550 Howe Avenue, Suite 210
Sacramento, CA 95825

RE: Corrective Action Plan

The Yuba-Sutter Transit Authority (Authority) respectfully submits the following corrective action plan for the finding from June 30, 2025.

Finding 2025-001 – Material Weakness

Condition: Two (2) Next-Generation Facility Project (the Project) consulting contracts were procured in compliance the Federal Transit Administration’s (FTA’s) procurement guidelines but did not conform with the Caltrans Local Assistance Procedures Manual (LAPM) Sections 10.01 and 10.1.9 of the LAPM, including not including a Public Interest Finding for the sole source procurement of the agreement, and the LeFlore Group, LLC non-A&E consultant contract procurement did not comply with Section 10.3 of the LAPM. In addition, a Disadvantaged Business Enterprise goal was not requested nor completed as part of the advertisement for the project, which was required under Section 9.7.2 of the Caltrans LAPM.

Recommendation: The Authority add additional language to its Procurement Policy documenting the requirement to follow Section 10 of the LAPM and the criteria under which it applies when grants are received from the Federal Highway Administration (FHWA).

Management’s Response: Management will ensure additional language is added to its Procurement Policy documenting the requirement to follow Section 10 of the LAPM and the criteria under which it applies when grants are received from the FHWA. The action will be completed with Board adoption of an updated Procurement Policies and Procedures Manual at or before its regular June 18, 2026, meeting. The contact person responsible for this action is Matthew Mauk, Executive Director, (530) 634-6880.

Sincerely,

Matthew Mauk
Executive Director