

**YOSEMITE AREA REGIONAL
TRANSPORTATION SYSTEM**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2013**

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
JUNE 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of the
Yosemite Area Regional Transportation System
Merced, California

Report on the Financial Statements

We have audited the accompanying financial statements of Yosemite Area Regional Transportation System (YARTS), a Joint Powers Authority comprised of Mariposa County, Merced County, and Mono County, California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise YARTS's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yosemite Area Regional Transportation System, as of June 30, 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted budgetary comparison information 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise YARTS's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 December 13, 2013, on our consideration of YARTS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YARTS's internal control over financial reporting and compliance.

Price Page & Company

Clovis, California
December 13, 2013

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013**

The management of Yosemite Area Regional Transportation System (YARTS) presents the following narrative overview and analysis of the financial statements for the year ended June 30, 2013. The financial information presented here should be considered in conjunction with the financial statements presented in the following pages.

Financial Highlights

- ❖ Total assets of YARTS for the fiscal year ending June 30, 2013 are \$8,066,873. This is a decrease of \$260,564 over the ending balance of the prior fiscal year. This decrease is due to an increase in depreciation from the purchase of additional buses in FY 2011/2012.
- ❖ Federal Grant revenue decreased over the prior fiscal year by \$2,704,416, this is due to the purchase of additional buses funded by federal grants in FY 2011/2012. YARTS will be receiving 2 federal grant funded buses in FY 2013/2014.
- ❖ Passenger fares for the fiscal year ending June 30, 2013 were \$445,521, a decrease of 5.57% over the prior fiscal year. YARTS increased summer service on traditional service corridors and the service from Tuolumne County for a second year.

Overview of Annual Financial Report

The Management's Discussion and Analysis is intended to serve as an introduction to YARTS's basic financial statements. YARTS's basic financial statements comprise of four components: statement of net position; statement of revenues, expenses and changes in net position; statement of cash flows; and notes to the basic financial statements.

The statements of net position present information on all of YARTS's assets and liabilities with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of YARTS is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information on revenues, expenses, capital contributions, and how YARTS's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues, expenses, and capital contributions are reported in the statements for some items that will only result in cash flows in future fiscal periods. The increase or decrease in net position may serve as an indicator of the effect of YARTS's current year operations on its financial position.

The statement of cash flows summarizes all of YARTS's cash flows into four categories: cash flow from operating activities; cash flows from non-capital financing activities; cash flows from capital and related financial activities; and cash flow from investing activities. The statement of cash flows, along with related notes and information on other financial statements, can be used to assess YARTS's ability to generate positive future cash flows and operating income (loss); and the effect of cash and non-cash investing, capital, and financing activities on YARTS's financial position.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the statement of net position; statement of revenues, expenses and changes in net position; and statement of cash flows.

The financial statements provide information on all functions of YARTS as business-type activities. The activities of YARTS are supported by fare collections from passengers and federal, state, and local financial assistance.

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013**

FINANCIAL ANALYSIS

Statement of Net Position

Total assets of YARTS exceeded total liabilities by \$7,741,299. A condensed summary of YARTS's net position at June 30, 2013 is shown below:

**Table 1
Yosemite Area Regional Transportation System
Statements of Net Position**

	2013	2012	% Change
Assets:			
Current assets	1,286,563	1,380,493	-6.80%
Capital assets (net)	6,780,310	6,946,944	-2.40%
Total assets	8,066,873	8,327,437	-3.13%
Liabilities:			
Current liabilities	325,574	539,761	-39.68%
Total liabilities	325,574	539,761	-39.68%
Net position:			
Net investment in capital assets	6,780,310	6,946,944	-2.40%
Unrestricted	960,989	840,732	14.30%
Total net position	7,741,299	7,787,676	-0.60%

Statement of Revenues, Expenses and Changes in Net Position

Total revenue of YARTS for the fiscal year ended June 30, 2013, including operating revenue and non-operating revenue, was \$2,500,100. This was a decrease over the prior fiscal year by \$2,562,420. This decrease was due to the decrease in federal grant revenue and a decrease in farebox.

Total expenses of YARTS for the fiscal year ended June 30, 2013 was \$2,546,477, this is an increase of \$374,599 over the previous fiscal year. This increase is due to an increase in operations combined with an increase in depreciation and general administration expenses. Change in net position for YARTS for the fiscal year ended June 30, 2013, was \$(46,377).

A condensed summary of net position at June 30, 2013 is shown below:

**Table 2
Yosemite Area Regional Transportation System
Statements of Revenues, Expenses and Changes in Net Position**

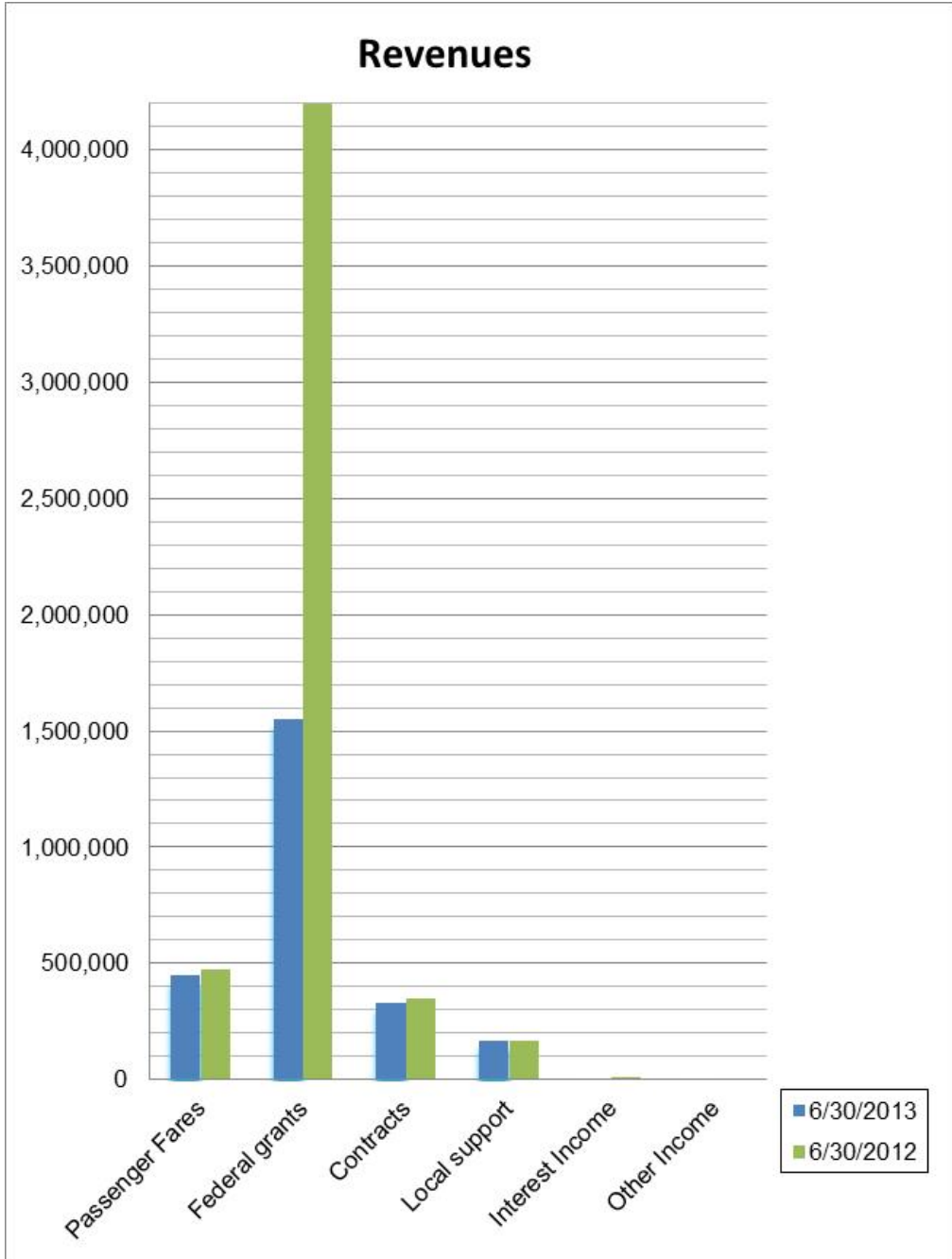
	2013	2012	% Change
Operating Revenues	445,521	471,813	-5.57%
Operating Expenses	2,546,477	2,171,878	17.25%
Operating Income (Loss)	(2,100,956)	(1,700,065)	23.58%
Non-operating Revenues	2,054,579	5,235,421	-60.76%
Change in Net Position	(46,377)	3,535,356	-101.31%
Net Position - Beginning	7,787,676	4,252,320	83.14%
Net Position - Ending	7,741,299	7,787,676	-0.60%

YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013

Analysis of Revenue

Operating revenue decreased at the farebox by \$26,292. Federal grant funding also decreased by \$2,704,146 for the fiscal year ending June 30, 2013.

The following chart shows revenue for the fiscal years ended June 30, 2013 and 2012:

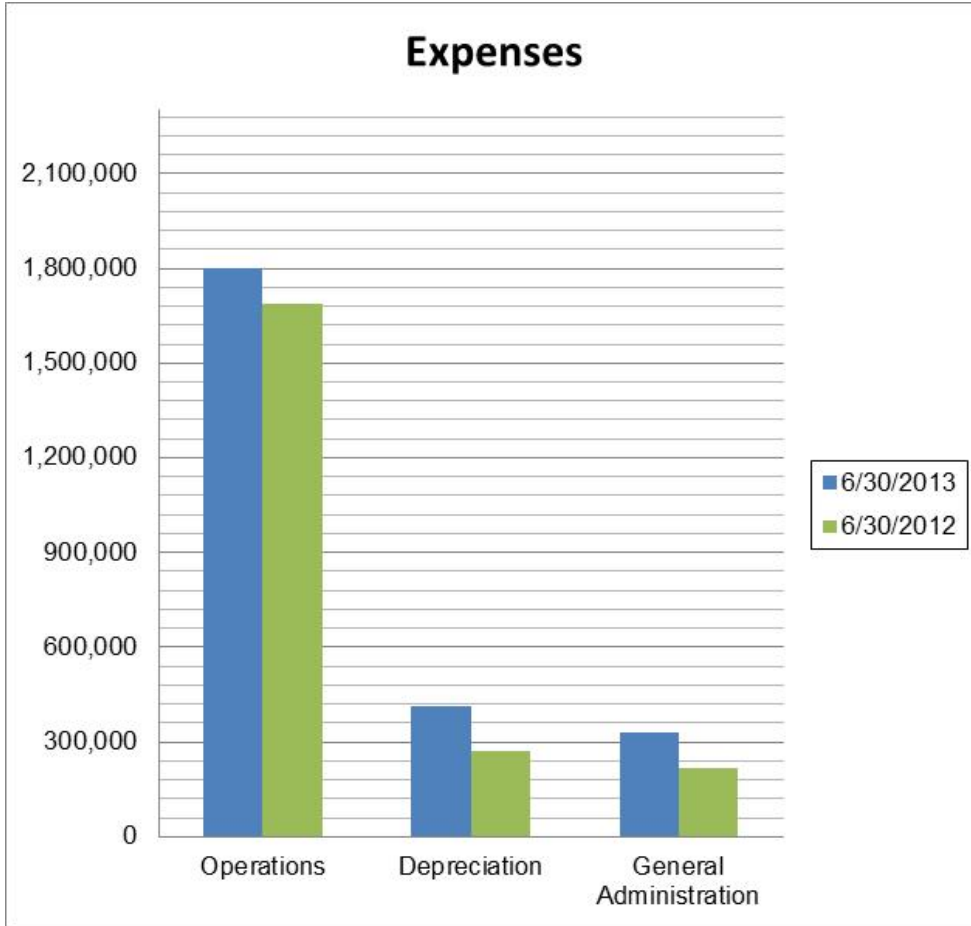


**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Analysis of Expenditures

In fiscal year ended June 30, 2013, total expenditures were \$2,546,477, an increase of \$374,599 from the prior fiscal year. This increase is due to increased operations and depreciation expense.

The following chart shows expenses for the fiscal years ended June 30, 2013 and 2012:



**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013**

CAPITAL ASSET ADMINISTRATION

Capital Assets

YARTS's net investment in capital assets as of June 30, 2013 was \$6,780,310 compared to \$6,946,944 in the fiscal year ended June 30, 2012. This change is due to the purchase of additional buses in FY 2011/2012. Investment in capital assets includes real property and the Mariposa Park & Ride project owned by the system.

Ridership

During the FY 2012 – 2013, exclusively YARTS ridership increased by 3.32% to 84,933. When the 12,639 Amtrak Thruway passengers are included into the totals, the increase was 3.14% with total ridership of 97,572.

YARTS ridership is greatly influenced by the level of visitation to Yosemite, but a new program, funded by the Park Service to expand YARTS public transit service to the park, helped the number of riders to continue to grow, even as the dry weather patterns persisted.

At the behest of the National Park Service, Yosemite, and working with participating gateway partners, YARTS expanded the level of service on both traditional service corridors and, for the first time, into Tuolumne County. The decision to try the expanded service came following a pilot program that YARTS carried out on the Hwy 140 corridor during summer 2011. The program of expanded service will start again in May 2014.

Farebox recovery is an important measure of a transit operation's viability. The amount of fare revenue is compared to the operating costs of the service to establish a percentage comparison. The State of California requires that rural transit operators, such as YARTS, produce at least a 10% fare box to demonstrate viability. Over the years, YARTS has fairly consistently produced a fare box recovery in the 22 -25% range. In FY 2012 – 2013, that comparison was 20.6%. The reduced percentage was due to the expansion of the service, as mentioned above, and a small reduction in fare box revenue.

Projects

New Buses

During the 2013-2014 fiscal year, YARTS will be placing an order for two new buses. Funding has been secured for the buses and delivery is anticipated roughly nine months after the order is placed.

Transit Service on Hwy 41

The possibility of transit service on Hwy 41 between Fresno and Yosemite NP with YARTS as the designated provider is again moving forward. In November of 2013, the COG Policy Board approved a "Draft Service Plan for Fresno-Yosemite Transit Service" and directed their staff to prepare CMAQ applications for operating funding. Spring/summer of 2015 is now the likely timing for the start of this service, assuming the approval of the funding.

Funding Challenges

All public transit relies on subsidies, typically from a number of sources. The primary source of transit funding has traditionally been "formula funding" from the federal government. YARTS is somewhat unique in that it does not currently receive formula funding of any kind.

YARTS funding comes from local contributions from member counties of the YARTS Joint Powers Authority (JPA), contractual arrangements, and state and federal discretionary funding sources. With the passage of the "MAP 21" transportation bill, Congress reduced the number of programs offering discretionary funding to near zero, moving most of that funding into other programs and/or to the formula programs. YARTS management will be working to secure new forms of funding for the agency to take the place of the deleted programs.

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Funding Challenges (Continued)

The 2013 – 2014 operating budget approved by the Board of Commissioners in March of 2013, specifies member counties providing 7.7%, 49.8% coming from Amtrak and NPS agreements, 25.3% coming from fare box revenues, 3.4% from reserves and the remaining 13.8% coming from state-managed federal funding.

SUBSEQUENT EVENTS

During the 2013-2014 fiscal year YARTS will be in its 14th year of operation. The fiscal year just past saw visitation to Yosemite National Park reach nearly 4 million, which was a decrease from the previous year. The effects of a dryer-than-normal winter caused water falling over the falls to disappear and some visitors with it.

During the previous fiscal year, a continuing drought reduced the amount of water moving over the famous falls in Yosemite and had a negative effect on the visitation to the park for a 2nd year. Despite those trends, YARTS management entered into the 2013-14 fiscal year with an optimistic view of the results that might credibly be expected as we moved forward

YARTS has been providing an expanded summer schedule at the request of, and with additional funding from, the National Park Service, Yosemite. By offering more opportunities for the use of alternative transportation to visit Yosemite, the expanded schedule is intended to help reduce traffic and congestion in the park and also improve the quality of visit there.

Planning for the 2013-2014 fiscal year anticipated an expanded summer schedule very similar to 2012-13, with some changes in the specifics of the schedules being suggested to increase the potential for additional ridership growth, specifically in Tuolumne County and in Mono County.

The optimism with which YARTS entered the 2013-14 fiscal year has been tarnished by the occurrence of the devastating Rim fire, which closed down service in Tuolumne County during August, the very heart of the tourist season, for weeks and also interrupted service along Tioga Pass Road, effecting the service to and from Mono County for a time as well. The fire also reduced visitation in the park because of media reporting and occasions of smoke in Yosemite Valley. The fire, followed closely by a shutdown of the federal government, which also closed Yosemite National Park for 16 days in October, subjected the Yosemite region, and YARTS, to losses in business that will not/cannot be made up during the remainder of the year.

How this fiscal year may turn out is difficult to determine. Yosemite has begun to bounce back fairly strongly and it is hoped that the region, and YARTS, will see benefit from the resurgence and a return to “normal”.

On a positive note: It is anticipated that YARTS will experience its one millionth rider during the 2013-14 fiscal year, probably in April or May.

This financial report is designed to provide our member jurisdictions, customers, investors, and creditors with a general overview of YARTS’s finances. If you have questions concerning any of the information provided in this report, or need additional information, contact the Executive Director at *Yosemite Area Regional Transportation System, 369 W. 18th Street, Merced, CA 95340.*

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
STATEMENT OF NET POSITION
JUNE 30, 2013**

ASSETS

Current assets:	
Cash and investments	\$ 773,133
Accounts receivable	122,317
Grants receivable	<u>391,113</u>
Total current assets	<u>1,286,563</u>
Noncurrent assets:	
Capital assets:	
Non-depreciable	595,178
Depreciable	7,308,250
Accumulated depreciation	<u>(1,123,118)</u>
Capital assets, net of accumulated depreciation	<u>6,780,310</u>
Total noncurrent assets	<u>6,780,310</u>
Total assets	<u>8,066,873</u>

LIABILITIES

Current liabilities:	
Accounts payable	256,251
Unearned revenue	<u>69,323</u>
Total current liabilities	<u>325,574</u>

NET POSITION

Net investment in capital assets	6,780,310
Unrestricted	<u>960,989</u>
Total net position	<u>\$ 7,741,299</u>

The notes to the basic financial statements are an integral part of this statement.

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

Operating revenue:	
Passenger fares	<u>\$ 445,521</u>
Operating expenses:	
Operations	1,801,987
Depreciation	414,102
General administration	<u>330,388</u>
Total operating expenses	<u>2,546,477</u>
Operating income (loss)	<u>(2,100,956)</u>
Non-operating revenues:	
Federal grants	1,551,311
Contracts revenue	331,470
Local support	166,360
Interest income	5,406
Other income	<u>32</u>
Total non-operating revenues	<u>2,054,579</u>
Change in net position	(46,377)
Net position - beginning	<u>7,787,676</u>
Net position - ending	<u><u>\$ 7,741,299</u></u>

The notes to the basic financial statements are an integral part of this statement.

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

Cash flows from operating activities:	
Cash received from passengers	\$ 369,437
Cash payments to suppliers for goods and services	<u>(2,312,995)</u>
Net cash provided (used) by operating activities	<u>(1,943,558)</u>
Cash flows from non-capital and related financing activities:	
Federal, state and local assistance	<u>1,941,956</u>
Net cash provided (used) by non-capital and related financing activities	<u>1,941,956</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	<u>(247,467)</u>
Net cash provided (used) by capital and related financing activities	<u>(247,467)</u>
Cash flows from investing activities:	
Interest received	<u>5,406</u>
Net cash provided (used) by investing activities	<u>5,406</u>
Net decrease in cash and cash equivalents	(243,663)
Cash and cash equivalents at beginning of year	<u>1,016,796</u>
Cash and cash equivalents at end of year	<u>\$ 773,133</u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (2,100,956)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	414,102
Changes in assets and liabilities:	
Accounts receivable	(76,084)
Accounts payable	<u>(180,620)</u>
Net cash provided (used) by operating activities	<u>\$ (1,943,558)</u>

The notes to the basic financial statements are an integral part of this statement.

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The Counties of Mariposa, Merced, and Mono entered into a joint powers agreement on September 21, 1999, to establish the Yosemite Area Regional Transportation System (YARTS). YARTS was established to undertake a demonstration project instituting passenger bus service to serve the geographic jurisdictions of the three counties and within Yosemite National Park. The project was established to:

- (1) accommodate the increasing demand for visitation to Yosemite National Park through an increasing number of transportation options for visitors and employees;
- (2) develop transportation alternatives in ways that do not degrade the visitor experience or the natural resources in the region; and
- (3) undertake coordinated political and administrative efforts necessary to resolve issues, obtain funding from outside sources, and to keep projects and programs on schedule.

YARTS is a public entity separate and distinct from its member entities. YARTS functions as the regional representative, within the combined territory of the members of the Joint Powers Authority, for transit and alternative transportation, as well as for supplemental and related matters to carry out the stated functions and purposes of this agreement.

B. Cooperative Agreement with the National Park Service

YARTS entered into a written agreement with the National Park Service which detailed the National Park Service's commitment to, and funding obligations for, the operations of YARTS and the transit system to be planned, established, managed, and evaluated by YARTS and the National Park Service. The agreement stipulated the National Park Service would:

- (1) provide monetary support to YARTS as an operational subsidy for the Demonstration Project;
- (2) promote regional transit service;
- (3) consider and incorporate the needs of YARTS in the National Park Service planning process, land used decisions, circulation changes, and operational changes within the boundaries of Yosemite National Park;
- (4) assist YARTS by providing oversight and comment on the Request for Proposals processes; and
- (5) assist in the marketing of the regional transit service.

C. Administrative Agreement with Merced County Association of Governments

On July 1, 2012, YARTS entered into a one-year written agreement with Merced County Association of Governments (MCAG) to provide administrative services, including transit service management and marketing, financial and grant administration and transportation planning services. The agreement can be automatically extended annually through June 30, 2014. Payment for MCAG's services is based on a monthly cost reimbursement basis.

D. Basis of Accounting

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are found in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). YARTS has elected not to follow subsequent private-sector guidance for its business-type activities and enterprise funds.

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

YARTS's accounting records are maintained by the Merced County Association of Governments on the accrual basis of accounting. YARTS is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purpose. Proprietary Fund Financial Statements include a Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost and expenses of providing goods or services to its consumers are financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (current and noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses. The principal operating revenues of YARTS are charges for providing transportation services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

E. Assets, Liabilities and Net Position

1. Cash and Investments

YARTS's cash is held in the common investment pool of the County of Merced and in a commercial bank checking account. The County of Merced allocates interest to YARTS based on the ending cash balances in the County of Merced Treasury.

For purposes of the Statement of Cash Flows, YARTS considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Accounts Receivable

The "direct write-off" method for accounts receivable is applied for accounts that have been established as uncollectible. The "direct write-off" method is not in compliance with generally accepted accounting principles, but the result is deemed immaterial to the financial statements taken as a whole. YARTS did not write-off any accounts receivable during the fiscal year. There were no accounts that were deemed to be uncollectible at June 30, 2013.

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position (Continued)

3. Capital Assets

YARTS's capitalization policy requires expenditures to be capitalized when the useful life of the asset acquired or constructed exceeds five years and/or the useful life of an existing asset is increased beyond its original useful life. Capital assets are recorded at cost. Depreciation is computed using the straight-line method over the asset's estimated useful life ranging from five to thirty years. The costs of normal repairs and maintenance are charged to expense as incurred.

4. Accounts Payable

Certain costs are incurred by YARTS during the current period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. YARTS's current accounts payable balance of \$256,251 as of June 30, 2013 is related to certain contract services.

5. Net Position

Net position is reported in three categories as follows:

Net Investment in capital assets – This amount consists of capital assets net of accumulated depreciation.

Restricted – This amount consists of net position restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted – This amount consists of all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

When both restricted and unrestricted resources are available, it is YARTS's policy to deplete restricted resources first before unrestricted resources are used.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position (Continued)

7. Pronouncements

a. New Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 62

Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, incorporates into the GASB authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedures which does not conflict with or contradict other GASB pronouncements. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. As of July 1, 2012, YARTS adopted this standard, which did not have an impact on its financial statements.

Governmental Accounting Standards Board Statement No. 63

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resource, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and renames the resulting measure as net position rather than net assets. The provisions of the Statement are effective for financial statements with periods beginning after December 31, 2011. As of July 1, 2012, YARTS adopted this standard, for which the only impact was the renaming of the financial statement.

Governmental Accounting Standards Board Statement No. 65

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement are effective for YARTS's fiscal year ending June 30, 2014. YARTS implemented this Statement as of June 30, 2013, which did not have an impact on its financial statements.

b. New Accounting Pronouncements Not Yet Adopted

Governmental Accounting Standards Board Statement No. 68

In June 30, 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*. The primary objective of the Statement is to improve accounting and financial reporting by state and local governments for pension. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pensions plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The requirements of this Statement are effective for YARTS's fiscal year ending June 30, 2014.

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position (Continued)

7. Pronouncements (Continued)

b. New Accounting Pronouncements Not Yet Adopted (Continued)

Governmental Accounting Standards Board Statement No. 69

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement requires disclosure to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this Statement are effective for YARTS's fiscal year ending June 30, 2015.

Governmental Accounting Standards Board Statement No. 70

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of this Statement are effective for YARTS's fiscal year ending June 30, 2014.

NOTE 2 – CASH AND INVESTMENTS

YARTS has a collateralized agreement with Wells Fargo Bank that all government funds deposited are subject to Title 5, Division 2, Part 1, Chapter 4, Article 2 (commencing with Section 53630) of the Government Code of the State of California (the "Local Agency Deposit Security Law").

Cash and investments consist of cash in the Merced County Treasury as part of the common investment pool and cash in a financial institution. The pooled funds in the Merced County Treasury are carried at cost, which approximates market value. Interest is paid quarterly into the participating funds. Any investment losses are proportionately shared by all funds in the pool. The fair market value of this pool as of June 30, 2013 was provided by the pool sponsor.

The County is authorized to deposit cash and invest excess funds by *California Government Code* Sections 53601 et. seq, 53635 et. seq, and 53648 et. seq. The County is restricted by California Government Code Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's Investment Pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The investment policy for the Merced County Treasury prohibits reverse repurchase agreements and investments in foreign investments.

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash and investments are comprised of the following at June 30, 2013:

	<u>Cost</u>	<u>FMV</u>
Deposits:		
Cash in Wells Fargo Bank	\$ 91,749	\$ 91,749
Cash in County Treasury	<u>689,463</u>	<u>681,384</u>
Total cash and investments	<u>\$ 781,212</u>	<u>\$ 773,133</u>

Investments in investment pools are considered unclassified as to credit risk because they are not evidenced by securities that exist in physical or book entry form. Investments in investment pools and other pooled investments are excluded from the concentration of credit risk disclosure under GASB Statement No. 40.

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 rate. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools. The County of Merced issues a financial report that includes custodial credit risk disclosures for the Cash in County Treasury. The report may be obtained by writing the Merced County Treasurer, 2222 M Street, Merced, California 95340.

NOTE 3 – CAPITAL ASSETS

Capital assets consist of the following at June 30, 2013:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Non-depreciable assets:				
Land	\$ 595,178	\$ -	\$ -	\$ 595,178
Total non-depreciable assets	<u>595,178</u>	<u>-</u>	<u>-</u>	<u>595,178</u>
Depreciable assets:				
Buildings and equipment	7,060,783	247,467	-	7,308,250
Less accumulated depreciation	<u>(709,016)</u>	<u>(414,102)</u>	<u>-</u>	<u>(1,123,118)</u>
Total depreciable assets, net	<u>6,351,767</u>	<u>(166,635)</u>	<u>-</u>	<u>6,185,132</u>
Total capital assets	<u>\$ 6,946,945</u>	<u>\$ (166,635)</u>	<u>\$ -</u>	<u>\$ 6,780,310</u>

Buildings and equipment include the costs associated with planning and constructing the park and ride facility, buses, bus stops and staging areas.

The amount recorded for depreciation for the year ended June 30, 2013 was \$414,102.

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 – OPERATING LEASES

On October 1, 2012, YARTS entered into an agreement with VIA Adventures, Inc. to provide transportation services and equipment for the period October 1, 2012 through October 31, 2017. The agreement contains termination clauses providing for cancellation after a specified number of days written notice. YARTS will receive no sublease rental revenues nor pay any contingent rentals for the transportation equipment. YARTS incurred \$1,797,072 in transportation and equipment services provided by VIA Adventures for the year ended June 30, 2013.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

YARTS has received federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material. The current economic climate may impact future funding levels from governmental sources. However, we are not aware of any current funding decreases that would be subject to disclosure.

NOTE 6 – PROPOSITION 1B (PTMISEA FUNDING)

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

Activity of the PTMISEA account for YARTS is as follows:

PTMISEA funds, including interest as of June 30, 2012	\$ 68,799
PTMISEA interest earned in FY 2012/2013	<u>524</u>
PTMISEA funds, including interest as of June 30, 2013	<u>\$ 69,323</u>

NOTE 7 – SUBSEQUENT EVENTS

Rim Fire and Government Shutdown

From August to October 2013, Yosemite National Park experienced the third largest wildfire in California history. Forest closures were in effect for several areas of the park. Also in October 2013, the government shutdown forced the closure of Yosemite National Park for sixteen days. Each of these events had a negative impact on YARTS's ridership revenue at the beginning of the 2013-14 fiscal year.

Other

Management has evaluated and concluded there are no other subsequent events, except as noted above, that have occurred since June 30, 2013, through the date the financial statements were available to be issued on December 13, 2013, that would require disclosure or adjustment.

OTHER INFORMATION

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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* AND
THE TRANSPORTATION DEVELOPMENT ACT

To the Board of Commissioners of
Yosemite Area Regional Transportation System
Merced, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Yosemite Area Regional Transportation System (YARTS) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise YARTS's basic financial statements, and have issued our report thereon dated December 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered YARTS's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of YARTS's internal control. Accordingly, we do not express an opinion on the effectiveness of YARTS'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 YARTS's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2013-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether YARTS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA)

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

Activity of the PTMISEA account for YARTS is as follows:

PTMISEA funds, including interest as of June 30, 2012	\$	68,799
PTMISEA interest earned in FY 2012/2013		<u>524</u>
PTMISEA funds, including interest as of June 30, 2013	\$	<u>69,323</u>

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 YARTS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YARTS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Pange & Company

Clovis, California
December 13, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Commissioners of
Yosemite Area Regional Transportation System
Merced, California

Report on Compliance for Each Major Federal Program

We have audited the Yosemite Area Regional Transportation System's (YARTS) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of YARTS's major federal programs for the year ended June 30, 2013. YARTS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of YARTS's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about YARTS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion the Yosemite Area Regional Transportation System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Price Pange & Company

Clovis, California
December 13, 2013

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Contract or Program Number	Federal Expenditures
<u>Federal Programs</u>			
<u>U.S. Department of Transportation</u>			
Passed through California Department of Transportation:			
Formula Grants for Other Than Urbanized Areas	20.509	649453	\$ 300,000
Formula Grants for Other Than Urbanized Areas	20.509	649422	168,511
Formula Grants for Other Than Urbanized Areas	20.509	649427	19,919
Formula Grants for Other Than Urbanized Areas	20.509	649428	29,032
Highway Planning and Construction	20.205	CML-6305(006)	70,841
Highway Planning and Construction	20.205	CML-6305(007)	<u>45,226</u>
Total U.S. Department of Transportation			<u>633,529</u>
<u>U.S. Department of Interior</u>			
Direct Program:			
National Parks	15.UNKNOWN	Co-op #P10AC00490	<u>887,320</u>
Total U.S. Department of Interior			<u>887,320</u>
Total Expenditures of Federal Awards			<u>\$ 1,520,849</u>

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Yosemite Area Regional Transportation System and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Yosemite Area Regional Transportation System did not provide any federal awards to subrecipients.

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting: Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	_____ <u>X</u> yes	_____ none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no

Federal Awards

Internal control over major programs: Material weaknesses identified?	_____ yes	_____ <u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ yes	_____ <u>X</u> no

Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
15.UNKNOWN	National Parks
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	_____ <u>X</u> yes _____ no

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS

Net Position

Finding 2013-001

Criteria: YARTS is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Condition: YARTS accounting records did not reconcile to the prior year audited financial statements. Consequently, YARTS accounting records did not accurately reflect financial position or results of operations. Audit adjustments were required to reconcile opening balances.

Effect: Net position was understated \$191,890.

Recommendation: The accounting records must accurately reflect the financial position of YARTS. Adjustments identified during an audit should be posted promptly to the accounting records upon acceptance and issuance of the financial statements.

Management Response:

Management agrees that the accounting records must accurately reflect the financial position of YARTS. Accounting staff have been instructed that any adjustments identified during an audit should be posted promptly to the accounting records upon acceptance and issuance of the financial statements.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

**YOSEMITE AREA REGIONAL TRANSPORTATION SYSTEM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENT FINDINGS

None reported.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.