COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION,
CALIFORNIA

FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2013

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COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Annual Financial Report
For the Year Ended June 30, 2013

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INTRODUCTORY SECTION

- **Members of the Board**

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COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Board of Commissioners
For the Year Ended June 30, 2013

Gary Evans	County of Colusa
Tom Indrieri	County of Colusa
Kim Vann	County of Colusa
Donna Critchfield	City of Colusa
Tom Reische	City of Colusa
Angela Placheck-Fulcher	City of Williams

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FINANCIAL SECTION

- Independent Auditor's Report
- Basic Financial Statements
- Required Supplementary Information
- Supplementary Information

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Colusa County Local Transportation Commission
Colusa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Colusa County Local Transportation Commission, California (Commission), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission'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 Untied 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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

1425 BUTTE HOUSE ROAD YUBA CITY, CA 95993 TEL: (530) 673-9790 FAX: (530) 673-1305

Board of Commissioners
Colusa County Local Transportation Commission
Colusa, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Commission as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1N to the financial statements, in 2013, the Commission implemented Governmental Accounting Standards Board (GASB) Statements No. 60, 61, 62, 63, and 66 and implemented GASB 65 in advance during the fiscal year 2013. Among these new GASB Statements, GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position; and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, have significant impact over the Colusa County Local Transportation Commission's financial statements. Our opinion is not modified with respect to these matters.

Other Matters

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

Management has omitted the 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.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section and Schedules of Allocations and Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Board of Commissioners
Colusa County Local Transportation Commission
Colusa, California

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Summarized Comparative Information
The governmental and proprietary fund financial statements include summarized prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2012, from which such partial information was derived.

We have previously audited the governmental fund's June 30, 2012, financial statements and our report, dated March 19, 2013, expressed an unmodified opinion on the financial statements of the governmental funds. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived. Certain amounts have been reclassified to facilitate comparison with current year classifications.

We have previously audited the proprietary fund's June 30, 2012 financial statements and our report, dated March 19, 2013, expressed an unmodified opinion on the financial statements of the proprietary fund. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2013 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control over financial reporting and compliance.

Smith & Newell

Smith & Newell CPAs
Yuba City, California
December 10, 2013

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Basic Financial Statements

- Government-Wide Financial Statements

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COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 618,536	$ 10,443	$ 628,979
Receivables:			
Accounts	-	902	902
Interest	1,277	-	1,277
Taxes	212,691	-	212,691
Intergovernmental	186,380	2,364	188,744
Capital assets:			
Depreciable, net	8,719	389,802	398,521
Total Assets	1,027,603	403,511	1,431,114
LIABILITIES			
Accounts payable	19,807	8,849	28,656
Unearned revenue	51,148	-	51,148
Long-term liabilities:			
Due within one year	-	5,060	5,060
Due in more than one year	-	127,616	127,616
Total Liabilities	70,955	141,525	212,480
NET POSITION			
Invested in capital assets	8,719	389,802	398,521
Restricted for transportation	947,929	-	947,929
Unrestricted	-	(127,816)	(127,816)
Total Net Position	$ 956,648	$ 261,986	$ 1,218,634

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

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Statement of Activities
For the Year Ended June 30, 2013

		Program Revenues		
Functions/Programs:	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
Transportation	$ 1,462,894	$ -	$ 278,250	$ -
Total Governmental Activities	1,462,894	-	278,250	-
Business-type activities:				
Transit Agency	1,026,991	137,862	780,049	-
Total Business-Type Activities	1,026,991	137,862	780,049	-
Total	$ 2,489,885	$ 137,862	$ 1,058,299	$ -

General revenues:
Sales and use taxes
Interest and investment earnings
Miscellaneous revenue

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (1,184,644)	$ -	$ (1,184,644)
(1,184,644)	-	(1,184,644)
-	(109,080)	(109,080)
-	(109,080)	(109,080)
(1,184,644)	(109,080)	(1,293,724)
1,156,990	-	1,156,990
19,640	(26)	19,614
66	9,164	9,230
1,176,696	9,138	1,185,834
(7,948)	(99,942)	(107,890)
964,596	361,928	1,326,524
$ 956,648	$ 261,986	$ 1,218,634

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Basic Financial Statements

- **Fund Financial Statements**

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COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Balance Sheet
Governmental Funds
June 30, 2013
(With Comparative Totals for June 30, 2012)

	Local Transportation Planning	Local Transportation	State Transit Assistance	Totals 2013	Totals 2012
ASSETS					
Cash and investments	$ 113,543	$ 504,818	$ 175	$ 618,536	$ 652,610
Receivables:					
Interest	292	966	19	1,277	7,896
Taxes	-	176,900	35,791	212,691	107,891
Intergovernmental	186,380	-	-	186,380	270,216
Total Assets	$ 300,215	$ 682,684	$ 35,985	$ 1,018,884	$ 1,038,613
LIABILITIES					
Accounts payable	$ 19,774	$ 33	$ -	$ 19,807	$ 35,114
Unearned revenue	51,148	-	-	51,148	-
Total Liabilities	70,922	33	-	70,955	35,114
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	186,380	101,100	35,791	323,271	269,496
Total Deferred Inflows of Resources	186,380	101,100	35,791	323,271	269,496
FUND BALANCES					
Restricted	42,913	581,551	194	624,658	734,003
Total Fund Balances	42,913	581,551	194	624,658	734,003
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 300,215	$ 682,684	$ 35,985	$ 1,018,884	$ 1,038,613

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

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities
June 30, 2013

Total Fund Balance - Total Governmental Funds	$	624,658
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.		8,719
Other long term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the governmental funds.		323,271
Net Position of Governmental Activities	$	956,648

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

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013
(With Comparative Totals for June 30, 2012)

	Local Transportation Planning	Local Transportation	State Transit Assistance	Totals 2013	Totals 2012
REVENUES					
Taxes	$ -	$ 898,185	$ 121,914	$ 1,020,099	$ 1,022,523
Aid from other government agencies:					
Rural planning assistance	361,366	-	-	361,366	300,155
Use of money	3,367	16,002	271	19,640	67,995
Other revenue	66	-	-	66	-
Total Revenues	364,799	914,187	122,185	1,401,171	1,390,673
EXPENDITURES					
Overall Work Program:					
Transportation administration (1.01)	34,028	-	-	34,028	28,236
Participation in transit operations metro-politan and state planning (2.01)	22,541	-	-	22,541	2,447
Planning for transit systems management/ operations to increase ridership (4.01)	2,880	-	-	2,880	38,141
Emphasize the preservation of the current system (5.01)	77,000	-	-	77,000	75,885
Blueprint (6.01)	68,352	-	-	68,352	9,786
Regional transportation plan (6.01)	23,088	-	-	23,088	1,683
STIP PPM expenditures	34,852	-	-	34,852	112,992
STIP PPM FY 08/09 refund	27,098	-	-	27,098	-
SAFETEA-LU expenditures	90,797	-	-	90,797	133,730
Road maintenance	-	407,189	-	407,189	761,397
Allocations:					
Colusa County Transit Agency	-	580,621	122,164	702,785	697,060
Planning and administration	-	19,906	-	19,906	20,431
Total Expenditures	380,636	1,007,716	122,164	1,510,516	1,881,788
Net Change in Fund Balances	(15,837)	(93,529)	21	(109,345)	(491,115)
Fund Balances - Beginning	58,750	675,080	173	734,003	1,225,118
Fund Balances - Ending	$ 42,913	$ 581,551	$ 194	$ 624,658	$ 734,003

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

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds	$ (109,345)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(8,719)
Some revenues reported in the statement of activities will not be collected for several months after the Commission's year end and do not provide current financial resources and therefore are not reported as revenue in the governmental funds.	
Change in unavailable revenues	53,775
Some expenses reported in the statement of activities do no require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in accounts payable	56,341
Change in Net Position of Governmental Activities	$ (7,948)

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

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Statement of Net Position
Proprietary Fund
June 30, 2013
(With Comparative Totals for June 30, 2012)

	Colusa County Transit Agency	
	2013	**2012**
ASSETS		
Current Assets:		
Cash and investments	$ 10,443	$ 9,984
Receivables:		
Accounts	902	3,661
Interest	-	16
Intergovernmental	2,364	-
Total Current Assets	13,709	13,661
Noncurrent Assets:		
Capital assets:		
Depreciable, net	389,802	452,787
Total Noncurrent Assets	389,802	452,787
Total Assets	403,511	466,448
LIABILITIES		
Current Liabilities:		
Accounts payable	8,849	8,532
Compensated absences payable	5,060	8,638
Total Current Liabilities	13,909	17,170
Noncurrent Liabilities:		
Compensated absences payable	52,696	27,093
Net OPEB obligation	74,920	60,257
Total Noncurrent Liabilities	127,616	87,350
Total Liabilities	141,525	104,520
NET POSITION		
Invested in capital assets	389,802	452,787
Unrestricted	(127,816)	(90,859)
Total Net Position	$ 261,986	$ 361,928

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

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2013
(With Comparative Totals for June 30, 2012)

	Colusa County Transit Agency 2013	Colusa County Transit Agency 2012
OPERATING REVENUES		
Passenger fares	$ 77,382	$ 79,059
Contract revenue	18,524	10,811
Donations	770	872
Reimbursed projects	41,186	30,209
Total Operating Revenues	137,862	120,951
OPERATING EXPENSES		
Salaries and benefits	724,506	678,660
Professional services	45,155	40,898
Fuel	94,475	94,484
Repairs and maintenance	60,716	56,056
Office and administration	21,089	18,486
Insurance	18,065	21,330
Depreciation	62,985	64,113
Total Operating Expenses	1,026,991	974,027
Operating Income (Loss)	(889,129)	(853,076)
NON-OPERATING REVENUES (EXPENSES)		
Local transportation fund allocation	580,621	606,058
State transit assistance fund allocation	122,164	91,002
Interest income	(26)	510
Grant revenue	77,264	77,264
Other revenue	9,164	9,099
Total Non-Operating Revenues (Expenses)	789,187	783,933
Change in Net Position	(99,942)	(69,143)
Total Net Position - Beginning	361,928	431,071
Total Net Position - Ending	261,986	361,928

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

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013
(With Comparative Totals for June 30, 2012)

	Colusa County Transit Agency	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 140,621	$ 122,978
Payments to suppliers	(239,183)	(225,993)
Payments to employees	(687,818)	(673,563)
Net Cash Provided (Used) by Operating Activities	(786,380)	(776,578)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local transportation funds allocated	580,621	606,058
State transit assistance funds allocated	122,164	91,002
Grant proceeds	74,900	77,264
Other non-operating revenue	9,164	9,099
Net Cash Provided (Used) by Noncapital Financing Activities	786,849	783,423
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	(10)	449
Net Cash Provided (Used) by Investing Activities	(10)	449
Net Increase (Decrease) in Cash and Cash Equivalents	459	7,294
Balance - Beginning	9,984	2,690
Balance - Ending	$ 10,443	$ 9,984
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ (889,129)	$ (853,076)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	62,985	64,113
Decrease (increase) in:		
Accounts receivable	2,759	2,027
Increase (decrease) in:		
Accounts payable	317	5,261
Compensated absences payable	22,025	(10,391)
Net OPEB obligation	14,663	15,488
Net Cash Provided (Used) by Operating Activities	$ (786,380)	$ (776,578)

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

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Basic Financial Statements

- Notes to Basic Financial Statements

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Colusa County Local Transportation Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

A. Reporting Entity

The Colusa County Local Transportation Commission (Commission), the regional transportation planning agency for the County of Colusa, was established in 1973 pursuant to the Transportation Development Act of 1971. The Commission is responsible for transportation planning activities as well as administration of the Local Transportation Fund and State Transit Assistance Fund and operation of the Colusa County Transit Agency.

The Commission receives monies and allocates these monies for the planning, management, and operation of public transportation systems within the County of Colusa. The Commission also has the authority to allocate monies for other transportation related activities including street and road projects.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Reporting for component units on the Commission's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance part of the Commission's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the Commission's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the Board of Commissioners. Separate financial statements for the Colusa County Transit Agency are not issued.

Blended Component Units

Colusa County Transit Agency - The Transit Agency, was formed to provide transit services to residents of Colusa County. The Board of Commissioners is the governing body of the Transit Agency and because its financial and operational relationship with the Commission is closely integrated, the Transit Agency is reported in the enterprise fund financial statements.

Discretely Presented Component Units

There are no component units of the Commission which meet the criteria for discrete presentation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Related Organizations

The County of Colusa performs administrative and accounting functions for the Commission. However, the County is not financially accountable for this organization and therefore the Commission is not a component unit under Statement Nos. 14, 39, and 61 of the Governmental Accounting Standards Board.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information on all of the activities of the Commission and its blended component units. These statements include the financial activities of the overall Commission. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental activities and business-type activities of the Commission. Governmental activities, which are normally supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the Commission's business-type activities and for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Commission's funds, including blended component units. Funds are organized into two major categories: governmental and proprietary. The emphasis is placed on major funds within the governmental and proprietary categories; each is displayed in a separate column.

The Commission reports the following major governmental funds:

- The Local Transportation Planning fund is a special revenue fund used to account for monies expended in relation to the overall work program. Funding comes primarily from rural planning assistance and STIP grants.

- The Local Transportation fund is a special revenue fund used to account for local transportation activities. Funding comes primarily from local transportation fund allocations.

- The State Transit Assistance fund is a special revenue fund used to account for the receipt and expenditure of State Transit Assistance funds. Funding comes primarily from state transit assistance fund allocations.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The Commission reports the following major proprietary fund:

- The Colusa County Transit Agency fund is an enterprise fund used to account for activity related to providing transit services to Colusa County residents.

C. Basis of Accounting and Measurement Focus

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales tax, grants, entitlements, and donations. Under the accrual basis, revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Sales taxes, interest, and certain state and federal grants are considered susceptible to accrual and are accrued when their receipt occurs within thirty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net position.

E. Cash, Cash Equivalents, and Investments

The Commission pools all cash and investments with the County of Colusa. The Colusa County Treasury is an external investment pool for the Commission and the Commission is considered an involuntary participant. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash, Cash Equivalents, and Investments (Continued)

Participant's equity in the investment pool is determined by the dollar amount of participants deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on the amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants each quarter based on the participant's average daily cash balance at quarter end in relation to the total pool investments. This method differs from the fair value method used to value investments in these financial statements. In these financial statements, the fair value of the Commission's investments in the pool was based on unaudited quoted market values as provided by the County Treasurer. The pool has not provided or obtained any legally binding guarantees during the period to support the value of investments.

The County has established a Treasury Oversight Committee to monitor and review the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Oversight Committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the Oversight Committee and the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value.

Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Colusa's financial statements may be obtained by contacting the County of Colusa Auditor-Controller at 546 Jay Street, Colusa, CA 95932.

For purposes of the accompanying Statement of Cash Flows, the Commission considers all highly liquid investments with a maturity of three months or less when purchased and their equity in the County of Colusa investment pool to be cash equivalents.

F. Receivables

The Commission only accrues those receivables it deems collectible; as such, the Commission has no allowance for uncollectible accounts. The Commission expects to collect all receivables within one year.

G. Inventory

Governmental fund inventories are recorded as expenditures at the time inventory is purchased rather than when consumed. Proprietary fund inventories are recorded as expenses at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

H. Capital Assets

Capital assets, including public domain infrastructure, are defined by the Commission as all land regardless of cost and assets with a cost of more than $5,000 for equipment and structures and improvements and a useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if actual is unavailable. Contributed capital assets are recorded at their estimated fair market value at the date of donation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Capital assets used in operations are depreciated or amortized using the straight-line method over the estimated useful life in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

Depreciable Asset	Estimated Lives
Equipment	3-25 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

I. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

J. Unearned Revenue

Under the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences

The Commission's policy regarding vacation is to permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the proprietary fund financial statements. The current portion of this debt is estimated based on historical trends. The Commission includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2013, the Commission did not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Implementation of Governmental Accounting Standards Board Statements (GASB)

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable to the Colusa County Local Transportation Commission, in the current financial statements.

Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. This statement improves financial reporting by addressing issues related to service concession arrangements.

Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. The statement clarifies the reporting of equity interest in legally separate organizations and requires the primary government to report its equity interest in a component unit as an asset.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Implementation of Governmental Accounting Standards Board Statements (GASB) (Continued)

Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This statement improves reporting by contributing to GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

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.

Statement No. 66, Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62. This statement improved accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of GASB Statements No. 54 and No. 62.

NOTE 2: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2013, the Commission's cash and investments are reported in the financial statements as follows:

Governmental activities	$ 618,536
Business-Type activities	10,443
Total Cash and Investments	$ 628,979

As of June 30, 2013, the Commission's cash and investments consisted of the following:

Cash:	
Deposits	$ 911
Total Cash	911
Investments:	
Colusa County Treasurer's Pool	628,068
Total Investments	628,068
Total Cash and Investments	$ 628,979

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

B. Cash

At year end, the carrying amount of the Commission's cash deposits was $911 and the bank balance was $911.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The Commission complies with the requirements of the California Government Code. Under this code, deposits of more than $250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds.

C. Investments

At June 30, 2013, all investments of the Commission were in the County of Colusa investment pool. Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following:

- Banker's Acceptances
- Commercial Paper
- Local Agency Investment Fund
- Mutual Funds
- Medium Term Corporate Notes
- Money Market Funds
- Negotiable Certificates of Deposit
- Repurchase Agreements/Reverse Repurchase Agreements
- Securities of the Federal Government or its Agencies

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations. The County limits is exposure to interest rate risk inherent in its portfolio by limiting individual maturities to 5 years or less.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2013, the Commission's investments were all pooled with the County Treasury which is not rated by a nationally recognized statistical rating organization.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Custodial Credit Risk for Investments - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the County's investment policy requires that all investments owned by the County with the exception of certificates of deposit shall be held in safekeeping by a third party bank trust department. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Commission's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the County contain limitations on the amount that can be invested in any one issuer. As of June 30, 2013, all investments of the Commission were in the County investment pool which contains a diversification of investments.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013, was as follows:

Governmental Activities

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013
Capital Assets, Being Depreciated:				
Equipment	$ 77,029	$ -	-	$ 77,029
Total Capital Assets, Being Depreciated	77,029	-	-	77,029
Less Accumulated Depreciation for:				
Equipment	(59,591)	(8,719)	-	(68,310)
Total Accumulated Depreciation	(59,591)	(8,719)	-	(68,310)
Capital Assets, Net	$ 17,438	($ 8,719)	$ -	$ 8,719

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 3: CAPITAL ASSETS (CONTINUED)

Business-Type Activities

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013
Capital Assets, Being Depreciated:				
Structures and improvements	$ 585,477	$ -	$ -	$ 585,477
Equipment	742,518	-	-	742,518
Total Capital Assets, Being Depreciated	1,327,995	-	-	1,327,995
Less Accumulated Depreciation for:				
Structures and improvements	(312,256)	(19,516)	-	(331,772)
Equipment	(562,952)	(43,469)	-	(606,421)
Total Accumulated Depreciation	(875,208)	(62,985)	-	(938 193)
Capital Assets, Net	$ 452,787	($ 62,985)	$ -	$ 389,802

Depreciation

Depreciation expense was charged to governmental functions as follows:

Transportation	$ 8,719
Total Depreciation Expense - Governmental Functions	$ 8,719

Depreciation expense was charged to business-type functions as follows:

Transit Agency	$ 62,985
Total Depreciation Expense - Business-Type Functions	$ 62,985

NOTE 4: UNEARNED REVENUE

At June 30, 2013, components of unearned revenue were as follows:

	Unearned
Local Transportation Planning	
STIP - PPM advance received	$ 51,148
Total	$ 51,148

NOTE 5: LONG-TERM LIABILITIES

The following is a summary of long-term liabilities transactions for the year ended June 30, 2013:

Type of Indebtedness	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Amounts Due Within One Year
Business-Type Activities					
Compensated absences	$ 35,731	$ 42,159	($ 20,134)	$ 57,756	$ 5,060
Net OPEB obligation	60,257	28,669	(14,006)	74,920	-
Total Long-Term Liabilities	$ 95,988	$ 70,828	($ 34,140)	$ 132,676	$ 5,060

NOTE 6: NET POSITION

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

- Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

- Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects, debt service requirements and other special revenue fund purposes.

- Unrestricted net position - All other net position that does not meet the definition of "restricted: or "invested in capital assets, net of related debt".

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position is available, it is considered that restricted resources are used first, followed by the unrestricted resources.

NOTE 7: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2013, fund balance for governmental funds are made up of the following:

- Nonspendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.

- Restricted fund balance - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed fund balance - amounts that can only be used for the specific purposes determined by formal action of the Commission's highest level of decision-making authority. The Board of Commissioners is the highest level of decision making authority for the Commission that can, by adoption of an ordinance commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

NOTE 7: FUND BALANCES (CONTINUED)

- Assigned fund balance - amounts that are constrained by the Commission's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.

- Unassigned fund balance - is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The fund balances for all governmental funds as of June 30, 2013, were distributed as follows:

	Local Transportation Planning	Local Transportation	State Transit Assistance	Total
Restricted for:				
Transportation	$ 42,913	$ 581,551	$ 194	$ 624,658
Total Restricted	42,913	581,551	194	624,658
Total	$ 42,913	$ 581,551	$ 194	$ 625,658

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance is available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policy

The Board of Commissioners adopted the policy of the County of Colusa for fund balance reporting. The policy establishes procedures for reporting fund balance classifications and establishes a hierarchy of fund balance expenditures.

NOTE 8: EMPLOYEE BENEFITS

A. Employee's Retirement Plan

The Colusa County Transit Agency employees are covered under the retirement plan of the County of Colusa.

The County contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office - 400 Q Street, Lincoln Plaza East, Sacramento, CA 95811.

NOTE 8: EMPLOYEE BENEFITS (CONTINUED)

A. Employee's Retirement Plan (Continued)

Required disclosure information regarding employee's retirement plan can be found in the County's audited financial statements.

B. Other Postemployment Benefits (OPEB)

The Colusa County Transit Agency employees are covered under the postemployment benefit plan of the County of Colusa.

The County contributes to California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer defined benefit postemployment healthcare plan administrator ("the Retiree Health Plan"). An employee is eligible for lifetime medical benefits under the Plan, along with his/her spouse at the time of retirement, if he or she retires from the County under CalPERS.

A portion of the County's postemployment benefit costs have been allocated to the Colusa County Transit Agency as follows:

Annual Required Contribution	$ 30,775
Interest on Prior Year Net OPEB Obligation	1,806
Adjustment to Annual Required Contribution	(3,912)
Annual OPEB Cost	28,669
Contributions Made:	
Pay As You Go Contribution	(14,006)
Increase in Net OPEB Obligation	14,663
Net OPEB Obligation - Beginning of Year	60,257
Net OPEB Obligation - End of Year	$ 74,920

Required disclosure information regarding postemployment benefits can be found in the County's audited financial statements.

NOTE 9: RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission is covered under the County of Colusa's risk management programs.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 10: RELATED PARTY TRANSACTIONS

Management and Administration

The Commission has an agreement with the County of Colusa to provide for the management of its operations and management of the Colusa County Transit Agency. Under this agreement, all employees working for the Colusa County Transit Agency are considered to be County employees and receive the same benefits offered to County employees. Total administrative and personnel costs provided by the County to the Colusa County Transit Agency for the year ended June 30, 2013 were as follows:

	June 30, 2013
Personnel and benefits	$ 724,506
Administrative overhead charges	13,935
Total Charges	$ 738,441

NOTE 11: OTHER INFORMATION

A. Subsequent Events

Management has evaluated events subsequent to June 30, 2013 through December 10, 2013, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

B. Fare Revenue Ratio

The Colusa County Transit Agency is required by the Transportation Development Act (TDA) to maintain a fare revenue ratio to operating expenses of 10 percent. During the year ended June 30, 2013, the fare ratio was 9.96 percent. The calculation of the fare revenue ratio for fiscal year ending June 30, 2013, is as follows:

	June 30, 2013
Passenger Fares	$ 77,382
Contract Revenue	13,800
Donations	770
Total Fare Revenue	$ 91,952
Total Operating Expenses	$ 1,026,991
Allowable TDA adjustments:	
Depreciation	(62,985)
Reimbursed projects	(41,186)
Net Operating Expenses	$ 922,820
Fare Revenue Ratio	9.96%

Required Supplementary Information
(Unaudited)

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COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Required Supplementary Information
Budgetary Comparison Schedule - Budgetary Basis
Local Transportation Planning - Major Special Revenue Fund
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Aid from other government agencies:				
Rural planning assistance	$ 233,000	$ 425,345	$ 361,366	$ (63,979)
Use of money	-	-	3,367	3,367
Other revenue	-	56	66	10
Total Revenues	233,000	425,401	364,799	(60,602)
EXPENDITURES				
Overall Work Program	147,000	278,774	227,889	50,885
STIP PPM expenses	118,000	86,000	34,852	51,148
STIP PPM FY 08/09 refund	-	-	27,098	(27,098)
SAFETEA-LU expenses	24,010	111,888	90,797	21,091
Total Expenditures	289,010	476,662	380,636	96,026
Net Change in Fund Balance	(56,010)	(51,261)	(15,837)	35,424
Fund Balance - Beginning	58,750	58,750	58,750	-
Fund Balance - Ending	$ 2,740	$ 7,489	$ 42,913	$ 35,424

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Required Supplementary Information
Budgetary Comparison Schedule - Budgetary Basis
Local Transportation - Major Special Revenue Fund
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 700,000	$ 700,000	$ 898,185	$ 198,185
Use of money	20,000	20,000	16,002	(3,998)
Total Revenues	720,000	720,000	914,187	194,187
EXPENDITURES				
Allocations:				
Regional transit	848,000	848,000	580,621	267,379
Road maintenance	171,882	519,571	407,189	112,382
Planning and administration	22,000	22,000	19,906	2,094
Total Expenditures	1,041,882	1,389,571	1,007,716	381,855
Net Change in Fund Balance	(321,882)	(669,571)	(93,529)	576,042
Fund Balance - Beginning	675,080	675,080	675,080	-
Fund Balance - Ending	$ 353,198	$ 5,509	$ 581,551	$ 576,042

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Required Supplementary Information
Budgetary Comparison Schedule - Budgetary Basis
State Transit Assistance - Major Special Revenue Fund
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 128,379	$ 128,379	$ 121,914	$ (6,465)
Use of money	-	-	271	271
Total Revenues	128,379	128,379	122,185	(6,194)
EXPENDITURES				
Allocations:				
Regional transit	128,379	128,379	122,164	6,215
Total Expenditures	128,379	128,379	122,164	6,215
Net Change in Fund Balance	-	-	21	21
Fund Balance - Beginning	173	173	173	-
Fund Balance - Ending	$ 173	$ 173	$ 194	$ 21

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Required Supplementary Information
Note to Budgetary Comparison Schedules
For the Year Ended June 30, 2013

BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The Commission presents a comparison of annual budgets to actual results for all governmental funds. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the Commission in establishing the budgetary data reflected in the financial statements:

(1) The Director of Public Works submits to the Board of Commissioners a recommended budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.

(2) The Board of Commissioners review the recommended budget at regularly scheduled meetings, which are open to the public.

(3) Prior to July 1, the budget is adopted through Board order.

(4) The Board of Commissioners may amend the budget by motion during the fiscal year.

The Commission does not use encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

Supplementary Information

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COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Schedule of Allocations and Expenditures
Local Transportation Fund
For the Year Ended June 30, 2013

	Allocations Outstanding June 30, 2012	Allocated	Expended	Rescinded	Allocations Outstanding June 30, 2013
Colusa County Transit Agency					
99260 (a)	$ -	$ 580,621	$ 580,621	$ -	$ -
Colusa County Local Transportation Commission					
99233.1	-	19,906	19,906	-	-
County of Colusa					
99234	166,894	154,092	166,891	-	154,095
City of Colusa					
99233.9	269,235	89,887	240,298	-	118,824
City of Williams					
99233.9	83,445	77,046	-	-	160,491
Contingency	150,000	-	-	-	150,000
	$ 669,574	$ 921,552	$ 1,007,716	$ -	$ 583,410

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Schedule of Allocations and Expenditures
State Transit Assistance Fund
For the Year Ended June 30, 2013

	Allocations Outstanding June 30, 2012	Allocated	Expended	Rescinded	Allocations Outstanding June 30, 2013
Colusa County Transit Agency					
6731 (b)	$ -	$ 122,164	$ 122,164	$ -	$ -
	$ -	$ 122,164	$ 122,164	$ -	$ -

OTHER REPORT AND SCHEDULES

- **Other Report**
- **Schedule of Findings and Recommendations**

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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 RULES AND REGULATIONS OF THE TRANSPORTATION DEVELOPMENT ACT

Board of Commissioners
Colusa County Local Transportation Commission
Colusa, 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 and the applicable fiscal audit requirements of the Transportation Development Act including Public Utilities Code Section 99245 and the California Code of Regulations Section 6664, the financial statements of the governmental activities, business-type activities and each major fund of the Colusa County Local Transportation Commission, California (Commission), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 10, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission'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 the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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

1425 BUTTE HOUSE ROAD YUBA CITY, CA 95993 TEL: (530) 673-9790 FAX: (530) 673-1305

Board of Commissioners
Colusa County Local Transportation Commission
Colusa, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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.

Additionally, we performed tests to determine that allocations made and expenditures paid by the Commission were made in accordance with the allocation instructions and resolutions of the Commission and in conformance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Section 6666 and 6667 that are applicable to the Commission. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported and which are described in the accompanying Schedule of Findings and Recommendations. (13-FS-01)

Commission's Response to Finding

The Commission's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Smith & Newell

Smith & Newell, CPAs
Yuba City, California
December 10, 2013

13-FS-01 Fare Revenue Ratio

Condition

During our audit we noted the Colusa County Transit Agency had a fare revenue ratio of 9.96 percent.

Cause

The fare revenues were not sufficient to cover the increase in compensated absences liability during the year.

Criteria

Section 6633.2 of the Transportation Development Act Statutes and California Code of Regulations requires that entities providing services to the general public in a non-urbanized area shall maintain a ratio of fare revenues to operating cost of at least 10 percent.

Effect of Condition

The Colusa County Transit Agency did not maintain a fare revenue ratio of at least 10 percent.

Recommendation

We recommend that the Colusa County Transit Agency review the fare schedule to ensure that a fare revenue ratio of at least 10 percent is maintained.

Corrective Action Plan

We will continue to review each year our fare schedule to ensure that our fare revenue ratio is maintained at a minimum of 10%.

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