

**COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2016**

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COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Annual Financial Report For the Year Ended June 30, 2016

Table of Contents

	Page
INTRODUCTORY SECTION	
Members of the Board.	i
FINANCIAL SECTION	
Independent Auditor's Report.	1-3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.	4
Statement of Activities.	5
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.	6
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide	
Statement of Net Position - Governmental Activities.	7
Statement of Revenues, Expenditures, and Changes in Fund Balances..	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Government-Wide Statement	
of Activities - Governmental Activities.	9
Proprietary Fund:	
Statement of Net Position..	10
Statement of Revenues, Expenses, and Changes in Net Position.	11
Statement of Cash Flows.	12
Notes to Basic Financial Statements.	13-29
Required Supplementary Information (Unaudited):	
Commission Pension Plan - Schedule of Proportionate Share of Net Pension Liability	
and Contributions.	30
Budgetary Comparison Schedule - Local Transportation Planning.	31
Budgetary Comparison Schedule - Local Transportation.	32
Budgetary Comparison Schedule - State Transit Assistance.	33
Note to Budgetary Comparison Schedules.	34
Supplementary Information:	
Schedule of Allocations and Expenditures - Local Transportation Fund.	35
Schedule of Allocations and Expenditures - State Transit Assistance Fund.	36
OTHER REPORT	
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.	37-38

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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, 2016

Gary Evans	County of Colusa
Denise Carter	County of Colusa
Kim Dolbow Vann	County of Colusa
David Womble	City of Colusa
Frank Kennedy	City of Williams
Charles Bergson	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, 2016, 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 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 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.

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, 2016, 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 1P to the financial statements, in 2016, the Commission implemented Governmental Accounting Standards Board (GASB) Statement Nos. 72, 73, 76 and 79. Our opinion is not modified with respect to these matters.

As reported in Note 8B, the net pension liability is measured as of June 30, 2015, and the pension expense is for the measurement period of 2014-15. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Commission Pension Plan - Schedule of Proportionate Share of Net Pension Liability and Contributions, budgetary comparison schedules and notes to the budgetary comparison schedules 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.

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, 2015, from which such partial information was derived.

We have previously audited the governmental and proprietary funds' June 30, 2015, financial statements and our report, dated March 2, 2016, expressed an unmodified opinion on the financial statements of the governmental and proprietary funds. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, 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 February 2, 2017 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 CPAs
Yuba City, California
February 2, 2017

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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, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 813,398	\$ 774,823	\$ 1,588,221
Receivables:			
Accounts	-	2,821	2,821
Interest	1,962	2,180	4,142
Taxes	235,266	-	235,266
Intergovernmental	101,989	7,005	108,994
Prepaid costs	-	500	500
Capital assets:			
Non-depreciable	-	2,931	2,931
Depreciable, net	-	551,724	551,724
Total capital assets	-	554,655	554,655
Total Assets	1,152,615	1,341,984	2,494,599
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	-	162,436	162,436
Total Deferred Outflows of Resources	-	162,436	162,436
LIABILITIES			
Accounts payable	264,473	9,431	273,904
Unearned revenue	15,465	766,779	782,244
Net pension liability	-	1,367,349	1,367,349
Net OPEB obligation	-	139,411	139,411
Long-term liabilities:			
Due within one year	-	3,796	3,796
Due in more than one year	-	41,208	41,208
Total Liabilities	279,938	2,327,974	2,607,912
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	-	89,424	89,424
Total Deferred Inflows of Resources	-	89,424	89,424
NET POSITION			
Investment in capital assets	-	554,655	554,655
Restricted for transportation	872,677	-	872,677
Unrestricted	-	(1,467,633)	(1,467,633)
Total Net Position	\$ 872,677	\$ (912,978)	\$ (40,301)

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, 2016**

<u>Functions/Programs:</u>	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
Transportation	\$ 1,445,149	\$ -	\$ 277,832
Total Governmental Activities	1,445,149	-	277,832
Business-type activities:			
Transit Agency	1,091,352	139,343	824,435
Total Business-Type Activities	1,091,352	139,343	824,435
Total	\$ 2,536,501	\$ 139,343	\$ 1,102,267
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.

Changes in Net Position		
Governmental Activities	Business- Type Activities	Total
<u>\$ (1,167,317)</u>	<u>\$ -</u>	<u>\$ (1,167,317)</u>
<u>(1,167,317)</u>	<u>-</u>	<u>(1,167,317)</u>
<u>-</u>	<u>(125,342)</u>	<u>(125,342)</u>
<u>-</u>	<u>(125,342)</u>	<u>(125,342)</u>
<u>(1,167,317)</u>	<u>(125,342)</u>	<u>(1,292,659)</u>
1,059,851	-	1,059,851
8,421	(7,438)	983
<u>-</u>	<u>6,503</u>	<u>6,503</u>
<u>1,068,272</u>	<u>(935)</u>	<u>1,067,337</u>
(99,045)	(126,277)	(225,322)
<u>971,722</u>	<u>(786,701)</u>	<u>185,021</u>
<u>\$ 872,677</u>	<u>\$ (912,978)</u>	<u>\$ (40,301)</u>

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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, 2016
(With Comparative Totals for June 30, 2015)

	Local Transportation Planning	Local Transportation	State Transit Assistance	Totals	
				2016	2015
ASSETS					
Cash and investments	\$ 185,418	\$ 627,916	\$ 64	\$ 813,398	\$ 825,270
Receivables:					
Interest	353	1,609	-	1,962	1,181
Taxes	-	192,200	43,066	235,266	205,529
Intergovernmental	101,989	-	-	101,989	79,439
Total Assets	<u>\$ 287,760</u>	<u>\$ 821,725</u>	<u>\$ 43,130</u>	<u>\$ 1,152,615</u>	<u>\$ 1,111,419</u>
LIABILITIES					
Accounts payable	\$ 29,600	\$ 234,873	\$ -	\$ 264,473	\$ 139,997
Unearned revenue	15,465	-	-	15,465	-
Total Liabilities	<u>45,065</u>	<u>234,873</u>	<u>-</u>	<u>279,938</u>	<u>139,997</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	101,989	109,800	43,066	254,855	209,068
Total Deferred Inflows of Resources	<u>101,989</u>	<u>109,800</u>	<u>43,066</u>	<u>254,855</u>	<u>209,068</u>
FUND BALANCES					
Restricted	140,706	477,052	64	617,822	762,654
Total Fund Balances	<u>140,706</u>	<u>477,052</u>	<u>64</u>	<u>617,822</u>	<u>762,654</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 287,760</u>	<u>\$ 821,725</u>	<u>\$ 43,130</u>	<u>\$ 1,152,615</u>	<u>\$ 1,111,719</u>

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, 2016

Total Fund Balance - Total Governmental Funds	\$ 617,822
Amounts reported for governmental activities in the statement of net position are different because:	
Other long term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the governmental funds.	<u>254,855</u>
Net Position of Governmental Activities	<u><u>\$ 872,677</u></u>

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, 2016
(With Comparative Totals for June 30, 2015)

	Local Transportation Planning	Local Transportation	State Transit Assistance	Totals	
				2016	2015
REVENUES					
Taxes	\$ -	\$ 965,742	\$ 70,872	\$ 1,036,614	\$ 1,050,442
Aid from other government agencies:					
Rural planning assistance	73,832	-	-	73,832	151,424
STIP PPM	22,535	-	-	22,535	40,000
SAFETEA-LU	123,810	-	-	123,810	123,149
RPSTPLE-5915(064)	35,105	-	-	35,105	3,377
Use of money	1,568	6,783	70	8,421	4,308
Total Revenues	<u>256,850</u>	<u>972,525</u>	<u>70,942</u>	<u>1,300,317</u>	<u>1,372,700</u>
EXPENDITURES					
Overall Work Program:					
Transportation administration (1.01)	14,008	-	-	14,008	19,451
Preparation of Regional Transportation Plan (2.01)	10,073	-	-	10,073	1,569
Coordination with Caltrans District 3 (3.01)	-	-	-	-	904
Transportation Planning Studies (4.01)	-	-	-	-	2,577
Transportation Systems Maintenance (5.01)	87,906	-	-	87,906	103,260
STIP PPM expenditures	22,535	-	-	22,535	40,000
SAFETEA-LU expenditures	123,149	-	-	123,149	122,937
Arbuckle Depot project	17,499	-	-	17,499	38,481
Road maintenance	-	451,679	-	451,679	314,110
Allocations:					
Colusa County Transit Agency	-	632,948	70,938	703,886	578,434
Planning and administration	799	13,615	-	14,414	24,223
Total Expenditures	<u>275,969</u>	<u>1,098,242</u>	<u>70,938</u>	<u>1,445,149</u>	<u>1,245,946</u>
Net Change in Fund Balances	<u>(19,119)</u>	<u>(125,717)</u>	<u>4</u>	<u>(144,832)</u>	<u>126,754</u>
Fund Balances - Beginning	159,825	602,769	60	762,654	744,314
Prior period adjustment	-	-	-	-	(108,414)
Fund Balances - Beginning, Restated	<u>159,825</u>	<u>602,769</u>	<u>60</u>	<u>762,654</u>	<u>635,900</u>
Fund Balances - Ending	<u>\$ 140,706</u>	<u>\$ 477,052</u>	<u>\$ 64</u>	<u>\$ 617,822</u>	<u>\$ 762,654</u>

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, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ (144,832)
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Amounts reported for governmental activities in the statement of activities are different because:

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	45,787
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Change in Net Position of Governmental Activities	\$ (99,045)
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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, 2016

(With Comparative Totals for June 30, 2015)

	Colusa County Transit Agency	
	2016	2015
ASSETS		
Current Assets:		
Cash and investments	\$ 774,823	\$ 1,141,398
Receivables:		
Accounts	2,821	1,013
Interest	2,180	1,837
Intergovernmental	7,005	4,430
Prepaid costs	500	-
Total Current Assets	787,329	1,148,678
Noncurrent Assets:		
Capital assets:		
Non-depreciable	2,931	2,527
Depreciable, net	551,724	642,923
Total Noncurrent Assets	554,655	645,450
Total Assets	1,341,984	1,794,128
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension adjustments	162,436	92,801
Total Deferred Outflows of Resources	162,436	92,801
LIABILITIES		
Current Liabilities:		
Accounts payable	9,431	424,380
Unearned revenues	766,779	717,913
Compensated absences payable	3,796	2,094
Total Current Liabilities	780,006	1,144,387
Noncurrent Liabilities:		
Compensated absences payable	41,208	41,524
Net pension liability	1,367,349	1,185,664
Net OPEB obligation	139,411	113,515
Total Noncurrent Liabilities	1,547,968	1,340,703
Total Liabilities	2,327,974	2,485,090
DEFERRED INFLOWS OF RESOURCES		
Deferred pension adjustments	89,424	188,540
Total Deferred Inflows of Resources	89,424	188,540
NET POSITION		
Investment in capital assets	554,655	645,450
Unrestricted	(1,467,633)	(1,432,151)
Total Net Position	\$ (912,978)	\$ (786,701)

The notes to the basic financial statements 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, 2016
(With Comparative Totals for June 30, 2015)

	Colusa County Transit Agency	
	2016	2015
OPERATING REVENUES		
Passenger fares	\$ 86,039	\$ 77,812
Contract revenue	15,560	17,351
Advertising	333	12,313
Donations	611	2,891
Reimbursed projects	36,800	52,754
Total Operating Revenues	139,343	163,121
OPERATING EXPENSES		
Salaries and benefits	778,685	738,268
Professional services	79,405	53,700
Fuel	61,899	74,659
Repairs and maintenance	42,394	97,720
Office and administration	20,472	21,954
Insurance	17,298	12,628
Depreciation	91,199	91,199
Total Operating Expenses	1,091,352	1,090,128
Operating Income (Loss)	(952,009)	(927,007)
NON-OPERATING REVENUES (EXPENSES)		
Local transportation fund allocation	632,948	461,597
State transit assistance fund allocation	70,938	116,837
Prop 1B PTMISEA	405	416,376
Prop 1B TSSSDRA	1,827	23,890
FTA Section 5311	120,549	143,928
Interest income	(7,438)	6,508
Other revenue	6,503	21,355
Total Non-Operating Revenues (Expenses)	825,732	1,190,491
Change in Net Position	(126,277)	263,484
Total Net Position - Beginning	(786,701)	219,499
Cumulative effect of a change in accounting principle	-	(1,269,684)
Total Net Position - Beginning, Restated	(786,701)	(1,050,185)
Total Net Position - Ending	\$ (912,978)	\$ (786,701)

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

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	Colusa County Transit Agency	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 137,535	\$ 164,609
Payments to suppliers	(636,917)	(250,884)
Payments to employees	(738,469)	(690,545)
Net Cash Provided (Used) by Operating Activities	<u>(1,237,851)</u>	<u>(776,820)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local transportation funds allocated	632,948	461,597
State transit assistance funds allocated	70,938	116,837
Grant proceeds	117,974	143,928
Other non-operating revenue	6,503	21,355
Net Cash Provided (Used) by Noncapital Financing Activities	<u>828,363</u>	<u>743,717</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition of capital assets	(404)	(2,527)
Capital grant proceeds	51,098	296,217
Net Cash Provided (Used) by Capital Financing Activities	<u>50,694</u>	<u>293,690</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	(7,781)	5,592
Net Cash Provided (Used) by Investing Activities	<u>(7,781)</u>	<u>5,592</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(366,575)	266,179
Balance - Beginning	1,141,398	875,219
Balance - Ending	<u><u>\$ 774,823</u></u>	<u><u>\$ 1,141,398</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (952,009)	\$ (927,007)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	91,199	91,199
Decrease (increase) in:		
Accounts receivable	(1,808)	423
Intergovernmental receivable	-	1,065
Prepaid costs	(500)	-
Pension adjustments - deferred outflows	(69,635)	10,601
Increase (decrease) in:		
Accounts payable	(414,949)	9,777
Compensated absences payable	1,386	14,585
Net pension liability	181,685	(187,422)
Net OPEB obligation	25,896	21,419
Pension adjustments - deferred inflows	(99,116)	188,540
Net Cash Provided (Used) by Operating Activities	<u><u>\$(1,237,851)</u></u>	<u><u>\$ (776,820)</u></u>

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

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Notes to Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Colusa County Local Transportation 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.

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.

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.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Notes to Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Notes to Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and Cash Equivalents

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 including amounts held in the Colusa County investment pool, to be cash and cash equivalents.

F. Cash 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. The Commission's share in this pool is displayed in the accompanying financial statements as cash and investments.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Notes to Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash 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 an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains and losses are not apportioned to pool participants.

G. Receivables

Receivables for governmental activities consist mainly of interest, taxes and intergovernmental revenues. Receivables for business-type activities consist mainly of charges for services, interest and intergovernmental revenues. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

H. Other Assets

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.

Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2016, are recorded as prepaid costs under both the accrual and modified accrual basis of accounting. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Capital Assets

Capital assets 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 historical cost is unavailable. Contributed capital assets are recorded at their acquisition value at the date of donation.

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

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	3-25 years

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Notes to Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (Continued)

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.

J. 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.

K. 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.

L. Compensated Absences

The Commission has no employees. 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. The County’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 Commission’s 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.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Notes to Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Pensions

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

N. 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. The Commission has one item that qualifies for reporting in this category. This item relates to the outflows from changes in the net pension liability and is reportable on the Statement of Net Position.

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 Commission has two types of items which qualify for reporting in this category. One item, unavailable revenue, is reported only on 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. The other item relates to the inflows from changes in the net pension liability and is reportable on the Statement of Net Position.

O. 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.

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

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 72, Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement and for applying fair value to certain investments and disclosures related to all fair value measurements.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Notes to Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement establishes requirements for defined benefit pensions and defined contribution pensions that are not within the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction is not specified within a source of authoritative GAAP.

Statement No. 79, Certain External Investment Pools and Pool Participants. This statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

NOTE 2: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2016, the Commission's cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 813,398
Business-Type activities	<u>774,823</u>
Total Cash and Investments	<u>\$ 1,588,221</u>

As of June 30, 2016, the Commission's cash and investments consisted of the following:

Investments:	
Colusa County Treasurer's Pool	<u>\$ 1,588,221</u>
Total Cash and Investments	<u>\$ 1,588,221</u>

B. Cash

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.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Notes to Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

C. Investments

The Commission does not have a formal investment policy. At June 30, 2016, 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:

- Bonds Issued by a Local Agency
- Treasury Obligations
- State of California Obligations
- Obligations of a California Local Agency
- Obligations Issued by Federal Agencies and U.S. and Government Sponsored Enterprises
- Banker's Acceptances
- Commercial Paper
- Negotiable Certificates of Deposit
- Repurchase Agreements/Reverse Repurchase Agreements
- Medium Term Notes
- Mutual Funds
- Investments as Permitted by Provision in Agreements of Indebtedness
- Asset Secured Indebtedness
- Collateralized Mortgage Obligations
- Contracted Non-Negotiable Time Deposits
- Local Agency Investment Fund (LAIF)

Fair Value Measurements - The Commission measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

The Commission's position in external investment pools is in its self regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the Commission's investments in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2016, the District had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
None	\$ -	\$ -	\$ -	\$ -
Total Investments Measured at Fair Value	-	-	-	-
Investments in External Investment Pool				
County Treasurer's Pool	1,588,221			
Total Investments	<u>\$ 1,588,221</u>			

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Notes to Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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.

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, 2016, the Commission's investments were all in with the County Investment Pool which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk - 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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a 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. All investments of the Commission were in the County investment pool which contains a diversification of investments.

D. Investments in External Pool

Colusa County Pooled Investment Fund - The Colusa County Pooled Investment Fund is a pooled investment fund program governed by the County which monitors and reviews the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to 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. Investments in the Colusa County Pooled Investment Fund are regarded as highly liquid as deposits and withdrawals can be made at any time without penalty. The Pool does not impose a maximum investment limit. 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's office at 546 Jay Street, Colusa, CA 95932.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Notes to Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016, was as follows:

Governmental Activities

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
Capital Assets, Being Depreciated:				
Equipment	\$ 71,423	\$ -	\$ -	\$ 71,423
Total Capital Assets, Being Depreciated	71,423	-	-	71,423
Less Accumulated Depreciation for:				
Equipment	(71,423)	-	-	(71,423)
Total Accumulated Depreciation	(71,423)	-	-	(71,423)
Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Business-Type Activities

	Balance July 1, 2015	Additions	Adjustments/ Retirements	Balance June 30, 2016
Capital Assets, Not Being Depreciated:				
Construction in progress	\$ 2,527	\$ 404	\$ -	\$ 2,931
Total Capital Assets, Not Being Depreciated	2,527	404	-	2,931
Capital Assets, Being Depreciated:				
Structures and improvements	585,477	-	-	585,477
Equipment	1,143,267	-	(271,822)	871,445
Total Capital Assets, Being Depreciated	1,728,744	-	(271,822)	1,456,922
Less Accumulated Depreciation for:				
Structures and improvements	(370,804)	(19,516)	-	(390,320)
Equipment	(715,017)	(71,683)	271,822	(514,878)
Total Accumulated Depreciation	(1,085,821)	(91,199)	271,822	(905,198)
Total Capital Assets, Being Depreciated, Net	642,925	(91,199)	-	551,724
Total Capital Assets, Net	<u>\$ 645,450</u>	<u>(\$ 90,795)</u>	<u>\$ -</u>	<u>\$ 554,655</u>

Depreciation

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

Transit Agency	<u>\$ 91,199</u>
Total Depreciation Expense - Business-Type Functions	<u>\$ 91,199</u>

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 4: UNEARNED REVENUE

At June 30, 2016, components of unearned revenue were as follows:

	<u>Unearned</u>
Local Transportation Planning	
STIP PPM advance received	\$ 15,465
Total	<u>\$ 15,465</u>
Colusa County Transit Agency	
Prop 1B - PTMISEA advance received	\$ 713,143
Prop 1B - TSSSDRA advance received	30,615
Low Carbon Transit Operation Program advance received	<u>23,021</u>
Total	<u>\$ 766,779</u>

NOTE 5: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

<u>Type of Indebtedness</u>	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-Type Activities					
Compensated absences	\$ 43,618	\$ 33,356	(\$ 31,970)	\$ 45,004	\$ 3,796
Total Long-Term Liabilities	<u>\$ 43,618</u>	<u>\$ 33,356</u>	<u>(\$ 31,970)</u>	<u>\$ 45,004</u>	<u>\$ 3,796</u>

NOTE 6: NET POSITION

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - 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 “net investment in capital assets”.

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 are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Notes to Basic Financial Statements

For the Year Ended June 30, 2016

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, 2016, fund balance for governmental funds is 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. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- **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.
- **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, 2016, were distributed as follows:

	Local Transportation Planning	Local Transportation	State Transit Assistance	Total
Restricted for:				
Transportation	\$ 140,706	\$ 477,052	\$ 64	\$ 617,822
Total Restricted	140,706	477,052	64	617,822
Total	<u>\$ 140,706</u>	<u>\$ 477,052</u>	<u>\$ 64</u>	<u>\$ 617,822</u>

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 are 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.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Notes to Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 7: FUND BALANCES (CONTINUED)

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: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

The Commission has no employees. All employees working for the Colusa County Transit Agency are considered to be County of Colusa employees and are eligible to participate in the County's Miscellaneous agent multiple-employer defined benefit pension plan, Employee Pension Plan, administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating member employers. Benefit provisions under the Plan are established by State statute and County resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plan's specific provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Benefit Formula	Retirement Age	Monthly Benefits as a % of Eligible Compensation
Miscellaneous	3.0% @ 60	50-60	2.0% to 3.0%
Miscellaneous PEPR	2.0% @ 62	52-67	1.0% to 2.5%

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 8: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Commission contributed \$92,801 to the pension plan during the reporting period.

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Employer Paid Member Contribution Rates</u>
Miscellaneous	23.629%	8.000%	0.000%
Miscellaneous PEPRA	23.629%	6.500%	0.000%

B. Changes in the Net Pension Liability

The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures.

As of June 30, 2016, the Commission reported net pension liabilities for its proportionate share of the net pension liability as follows:

	<u>Proportion of Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>
Colusa County Transit Agency	3.10%	\$ 1,367,349

The Commission's proportion of the net pension liability was based on the Commission's share of contributions to the pension plan.

C. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the Commission recognized pension expense of \$12,934. At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension adjustments	\$ 162,436	\$ 89,424

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Notes to Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The Commission has no employees. All employees working for the Colusa County Transit Agency are considered to be County of Colusa employees and 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.

B. Funding Policy

As required by GASB 45, an actuary will determine the County's Annual Required Contributions (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAL) over a period not to exceed 30 years.

C. Annual OPEB Costs and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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

Annual Required Contribution	\$ 54,525
Interest on Prior Year Net OPEB Obligation	4,257
Adjustment to Annual Required Contribution	(9,830)
Annual OPEB Cost	48,952
Contributions Made:	
Pay As You Go Contribution	(15,911)
Implicit Subsidy	(7,145)
Increase in Net OPEB Obligation	25,896
Net OPEB Obligation - Beginning of Year	113,515
Net OPEB Obligation - End of Year	<u>\$ 139,411</u>

D. Funded Status and Actuarial Methods

Additional information on the funded status and funding progress as well as actuarial methods and assumptions can be found in the County of Colusa 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.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Notes to Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 10: 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.

NOTE 11: 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 Commission for the year ended June 30, 2016 were as follows:

Local Transportation	
Administrative overhead charges	\$ 12,706
Total Charges Local Transportation	<u>12,706</u>
Colusa County Transit Agency	
Personnel and benefits	778,685
Administrative overhead charges	<u>50,738</u>
Total Charges Colusa County Transit Agency	<u>829,423</u>
Total Charges	<u>\$ 842,129</u>

NOTE 12: OTHER INFORMATION

A. Subsequent Events

Management has evaluated events subsequent to June 30, 2016 through February 2, 2017, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

Notes to Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 12: OTHER INFORMATION (CONTINUED)

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, 2016, the fare ratio was 10.85 percent. The calculation of the fare revenue ratio for fiscal year ending June 30, 2016, is as follows:

	<u>June 30, 2016</u>
Passenger Fares	\$ 86,039
Contract Revenue	15,560
Advertising	333
Donations	<u>611</u>
Total Fare Revenue	<u>\$ 102,543</u>
Total Operating Expenses	\$ 1,091,352
Allowable TDA adjustments:	
Depreciation	(91,199)
Reimbursed projects	(36,800)
Refunds	(1,973)
Sale of assets	(4,530)
Project funded by Prop 1B	(1,828)
Project funded by SRTP	<u>(10,071)</u>
Net Operating Expenses	<u>\$ 944,951</u>
Fare Revenue Ratio	<u>10.85%</u>

C. PTMISEA

The Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA) was created by Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion available to Transportation, \$3.6 billion dollars was used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock (buses and rail cars) procurement, rehabilitation or replacement. Funds in this account are appropriated annually by the Legislature to the State Controller's Office (SCO) for allocation in accordance with Public Utilities Code formula distributions.

During the year ended June 30, 2016, the Commission had a carryover balance of \$697,115 and interest earnings of \$16,432 for a total amount available of \$713,547. For the year ended June 30, 2016, qualifying expenditures of \$404 were incurred and the remaining carryover balance of \$713,143 was recorded as unearned revenue.

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**Required Supplementary Information
(Unaudited)**

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COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Required Supplementary Information
Commission Pension Plan
Schedule of Proportionate Share of Net Pension Liability and Contributions
For the Year Ended June 30, 2016
Last 10 Years*

Measurement Period	2015	2016
Proportionate share of the collective net pension liability	\$ 1,185,664	\$ 1,367,349
Contributions to the pension plan	\$ 103,402	\$ 92,801

*The Commission implemented GASB 68 for the fiscal year June 30, 2015, therefore only two years are shown.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Required Supplementary Information
Budgetary Comparison Schedule
Local Transportation Planning - Major Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Aid from other government agencies:				
Rural planning assistance	\$ 158,000	\$ 158,000	\$ 73,832	\$ (84,168)
STIP PPM	38,000	38,000	22,535	(15,465)
SAFETEA-LU	-	-	123,810	123,810
RPSTPLE-5915(064)	75,696	75,696	35,105	(40,591)
Use of money	1,000	1,000	1,568	568
Total Revenues	<u>272,696</u>	<u>272,696</u>	<u>256,850</u>	<u>(15,846)</u>
EXPENDITURES				
Overall Work Program	158,000	158,000	111,987	46,013
STIP PPM expenses	38,000	38,000	22,535	15,465
SAFETEA-LU expenses	-	123,149	123,149	-
Arbuckle Depot project expenses	75,696	75,696	17,499	58,197
Planning and administration	799	799	799	-
Total Expenditures	<u>272,495</u>	<u>395,644</u>	<u>275,969</u>	<u>119,675</u>
Net Change in Fund Balance	201	(122,948)	(19,119)	103,829
Fund Balance - Beginning	<u>159,825</u>	<u>159,825</u>	<u>159,825</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 160,026</u>	<u>\$ 36,877</u>	<u>\$ 140,706</u>	<u>\$ 103,829</u>

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Required Supplementary Information
Budgetary Comparison Schedule
Local Transportation - Major Special Revenue Fund
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 850,000	\$ 850,000	\$ 965,742	\$ 115,742
Use of money	1,000	1,000	6,783	5,783
Total Revenues	<u>851,000</u>	<u>851,000</u>	<u>972,525</u>	<u>121,525</u>
EXPENDITURES				
Allocations:				
Road maintenance	-	451,679	451,679	-
Regional transit	981,132	981,132	632,948	348,184
Planning and administration	19,868	19,868	13,615	6,253
Total Expenditures	<u>1,001,000</u>	<u>1,452,679</u>	<u>1,098,242</u>	<u>354,437</u>
Net Change in Fund Balance	(150,000)	(601,679)	(125,717)	475,962
Fund Balance - Beginning	<u>602,769</u>	<u>602,769</u>	<u>602,769</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 452,769</u>	<u>\$ 1,090</u>	<u>\$ 477,052</u>	<u>\$ 475,962</u>

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Required Supplementary Information
Budgetary Comparison Schedule
State Transit Assistance - Major Special Revenue Fund
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 115,433	\$ 115,433	\$ 70,872	\$ (44,561)
Use of money	20	20	70	50
Total Revenues	<u>115,453</u>	<u>115,453</u>	<u>70,942</u>	<u>(44,511)</u>
EXPENDITURES				
Allocations:				
Regional transit	<u>115,453</u>	<u>115,453</u>	<u>70,938</u>	<u>44,515</u>
Total Expenditures	<u>115,453</u>	<u>115,453</u>	<u>70,938</u>	<u>44,515</u>
Net Change in Fund Balance	-	-	4	4
Fund Balance - Beginning	<u>60</u>	<u>60</u>	<u>60</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 60</u>	<u>\$ 60</u>	<u>\$ 64</u>	<u>\$ 4</u>

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Required Supplementary Information
Note to Budgetary Comparison Schedules
For the Year Ended June 30, 2016

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.

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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, 2016

	<u>Allocations Outstanding June 30, 2015</u>	<u>Allocated</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Allocations Outstanding June 30, 2016</u>
Colusa County Transit Agency					
99260 (a)	\$ -	\$ 632,948	\$ 632,948	\$ -	\$ -
Colusa County Local Transportation Commission					
99233.1	-	13,615	13,615	-	-
County of Colusa					
99234	216,809	153,850	216,806	(3)	153,850
City of Colusa					
99233.9	126,470	94,928	126,470	-	94,928
City of Williams					
99233.9	108,403	78,561	108,403	-	78,561
Contingency	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
	<u>\$ 601,682</u>	<u>\$ 973,902</u>	<u>\$ 1,098,242</u>	<u>\$ (3)</u>	<u>\$ 477,339</u>

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
Schedule of Allocations and Expenditures
State Transit Assistance Fund
For the Year Ended June 30, 2016

	<u>Allocations Outstanding June 30, 2015</u>	<u>Allocated</u>	<u>Expended</u>	<u>Rescinded</u>	<u>Allocations Outstanding June 30, 2016</u>
Colusa County Transit Agency					
6731 (b)	\$ -	\$ 70,938	\$ 70,938	\$ -	\$ -
	<u>\$ -</u>	<u>\$ 70,938</u>	<u>\$ 70,938</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER REPORT

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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 Title 21, 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, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated February 2, 2017.

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.

Compliance and Other Matters

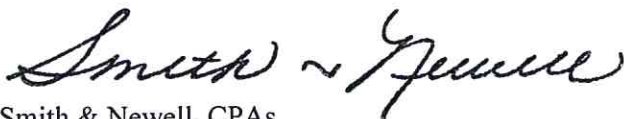
As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 Title 21, 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 no instances of noncompliance that are required to be reported.

Also as part of our audit we performed tests of compliance to determine whether certain state bond funds were received and expended in accordance with the applicable bond act and state accounting requirements. As of June 30, 2016, PTMISEA funds received and expended were verified in the course of our audit as disclosed in Note 12C.

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.

A handwritten signature in black ink, appearing to read "Smith & Newell", is written over a horizontal line.

Smith & Newell, CPAs
Yuba City, California
February 2, 2017