

**COLUSA COUNTY
LOCAL TRANSPORTATION
COMMISSION,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2009**

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

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INTRODUCTORY SECTION

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- List of Officials

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
BOARD OF COMMISSIONERS
FOR THE YEAR ENDED JUNE 30, 2009

Gary Evans	County of Colusa
Tom Indrieri	County of Colusa
Kim Vann	County of Colusa
Tom Reische	City of Colusa
Kay Hosmer	City of Colusa
Pat Ash	City of Williams

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Colusa County Local Transportation Commission
Colusa, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Colusa County Local Transportation Commission, California (Commission), as of and for the year ended June 30, 2009, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

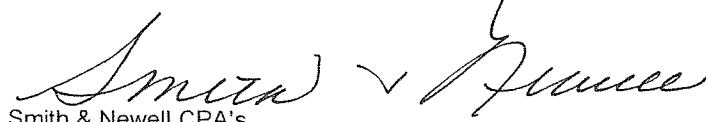
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 19, 2010, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Budgetary Comparison Schedules as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Commission's management did not prepare the Management's Discussion and Analysis report that is supplementary information required by Governmental Accounting Standards Board Statement No. 34. In accordance with accounting principles generally accepted in the United States, the omission has no impact on the basic financial statements described in the table of contents, but may impact the user's understanding of those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Schedules of Allocations and Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Smith & Newell CPA's
Yuba City, California
March 19, 2010

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Total Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 739,778
Accounts receivable	170,229
Interest receivable	1,874
Taxes receivable	128,100
Capital assets:	
Depreciable, net	19,421
Total Assets	<u>1,059,402</u>
<u>LIABILITIES</u>	
Accounts payable	500
Total Liabilities	<u>500</u>
<u>NET ASSETS</u>	
Invested in capital assets	19,421
Restricted for transportation	1,039,481
Total Net Assets	<u><u>\$ 1,058,902</u></u>

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

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

<u>FUNCTIONS/PROGRAMS</u>	<u>Program Revenues</u>				<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Assets</u>
					<u>Total</u>
					<u>Governmental</u>
					<u>Activities</u>
Governmental activities:					
Transportation	\$ 1,527,098	\$ -	\$ 177,794	\$ -	\$ (1,349,304)
Total Governmental Activities	1,527,098	-	177,794	-	(1,349,304)
Total	\$ 1,527,098	\$ -	\$ 177,794	\$ -	(1,349,304)
General revenues:					
Sales and use taxes					1,244,736
Interest and investment earnings					23,186
Total General Revenues					1,267,922
Change in Net Assets					(81,382)
Net Assets - Beginning					1,140,284
Net Assets - Ending					\$ 1,058,902

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

BASIC FINANCIAL STATEMENTS

Fund Financial Statements

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	Local Transportation Planning	Local Transportation	State Transit Assistance	Total
<u>ASSETS</u>				
Cash and investments	\$ -	\$ 739,778	\$ -	\$ 739,778
Accounts receivable	106,603	-	7,511	114,114
Interest receivable	36	1,839	(1)	1,874
Taxes receivable	-	54,900	-	54,900
Due from other funds	-	32,358	-	32,358
Total Assets	\$ 106,639	\$ 828,875	\$ 7,510	\$ 943,024
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 500	\$ -	\$ 500
Due to other funds	24,896	-	7,462	32,358
Total Liabilities	24,896	500	7,462	32,858
<u>FUND BALANCES</u>				
Reserved for unallocated apportionments	-	832,091	-	832,091
Unreserved, reported in:				
Special revenue				
Undesignated	81,743	(3,716)	48	78,075
Total Fund Balances	81,743	828,375	48	910,166
Total Liabilities and Fund Balances	\$ 106,639	\$ 828,875	\$ 7,510	\$ 943,024

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

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2009

Total Fund Balance - Total Governmental Funds	\$ 910,166
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	19,421
Other long term assets are not available to pay for current period expenditures and therefore, are not reported in the funds or reported as deferred in the governmental funds.	
Accounts receivable	56,115
Taxes receivable	<u>73,200</u>
Net Assets of Governmental Activities	<u>\$ 1,058,902</u>

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

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Local Transportation Planning	Local Transportation	State Transit Assistance	Total
<u>REVENUES</u>				
Taxes	\$ -	\$ 1,097,304	\$ 74,232	\$ 1,171,536
Aid from other government agencies:				
Rural planning assistance	252,678	-	-	252,678
Use of money	2,026	21,055	105	23,186
Total Revenues	254,704	1,118,359	74,337	1,447,400
<u>EXPENDITURES</u>				
Overall Work Program:				
Transportation administration (1.01)	26,237	-	-	26,237
Safety and security in transporation planning (1.02)	2,500	-	-	2,500
Participation in transit operations metropolitan and state planning (2.01)	14,061	-	-	14,061
Planning for transit systems management/operations to increase ridership (4.01)	5,139	-	-	5,139
Emphasize the preservation of the current system (5.01)	95,302	-	-	95,302
STIP PPM expenses	7,040	-	-	7,040
SAFETEA-LU expenses	79,018	-	-	79,018
Road maintenance	-	770,115	-	770,115
Allocations:				
Regional transit	-	431,371	78,237	509,608
Planning and administration	-	13,564	-	13,564
Total Expenditures	229,297	1,215,050	78,237	1,522,584
Net Change in Fund Balances	25,407	(96,691)	(3,900)	(75,184)
Fund Balances - Beginning	56,336	925,066	3,948	985,350
Fund Balances - Ending	\$ 81,743	\$ 828,375	\$ 48	\$ 910,166

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

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
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, 2009

Net Change in Fund Balances - Total Governmental Funds	\$ (75,184)
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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	(4,514)
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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 accounts receivable	(1,684)
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Change in Net Assets of Governmental Activities	<u>\$ (81,382)</u>
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The notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL STATEMENTS

Notes to Basic Financial Statements

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

The accounting methods and procedures adopted by the Commission conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14.

The governmental reporting entity consists of the Commission (Primary Government) and its component units. Component units are legally separate organizations for which the Board of Directors is financially accountable or other organizations whose component units nature and significant relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the Commission's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the Commission.

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.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board management has determined that there are no component units of the Commission.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the Commission. These statements include the financial activities of the Commission. Eliminations have been made to minimize the double counting of internal activities. These statements report the governmental activities of the Commission, which are normally supported by taxes and inter-governmental revenues. The Commission had no business-type activities at June 30, 2009.

The statement of activities presents a comparison between direct expenses and program revenues 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.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

**NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

B. Basis of Presentation (Continued)

Fund Financial Statements

Fund financial statements of the Commission are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. The funds of the Commission are organized into the governmental category. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Commission or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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.
- The Local Transportation fund is a special revenue fund used to account for local transportation activities.
- The State Transit Assistance fund is a special revenue fund used to account for the receipt and expenditure of State Transit Assistance funds.

C. Basis of Accounting and Measurement Focus

The government-wide 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. On an 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, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. 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. Governmental capital assets acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Cash and Investments

The Commission pools its 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 Treasurer invests on behalf of most funds of the County and external participants in accordance with the California State Government Code and the County's investment policy. State statutes authorize the Commission and County to invest its cash surplus in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D. 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 the amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants every 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 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.

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.

E. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include taxes, grants, and interest. Receivables recorded in the financial statements are not net of any allowance for doubtful accounts. Any doubtful accounts at June 30, 2009, were not considered material, and therefore, were not recorded.

In the governmental fund financial statements, material receivables in governmental funds include revenue accruals such as taxes, grants, interest, and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

F. 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. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

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 governmental 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 treated as an adjustment to expenditures or expenses; that is, a corresponding increase in expenditures or expenses in the reimbursing fund and a corresponding decrease in expenditures or expenses in the reimbursed fund.

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

See Note 2 for details of interfund transactions, including receivables and payables at year end.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

**NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

G. Inventory

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

H. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

In the government-wide financial statements, property, plant, and equipment are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair market value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. 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

Fund Financial Statements

In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund at the time of acquisition.

I. Net Assets/Fund Balance

Government-Wide Financial Statements

Equity is classified as net assets and displayed in three components:

- 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 assets – Consists of net assets 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.
- Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted net assets are available, unrestricted resources are depleted first before the restricted resources are used.

Fund Financial Statements

In the fund financial statements, reserves and designations segregate portions of fund balance. Reservations of fund balance are for amounts that are not available or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance are established by action of management and represent tentative plans that are subject to change.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

I. Net Assets/Fund Balance (Continued)

Fund Financial Statements (Continued)

As of June 30, 2009, reservations of fund balance included:

Reserved for unallocated apportionments - to reflect Local Transportation funds the Commission has allocated but not apportioned to various entities.

J. Revenue

In the government-wide financial statements, revenues are classified by program and general sources.

In the fund financial statements revenues are classified by source.

K. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function.

In the fund financial statements, expenditures are classified as follows:

Government Funds – By Character
Current (further classified by function)
Debt Service
Capital Outlay

L. 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.

NOTE 2: DETAILED NOTES

A. Cash and Investments

As of June 30, 2009, the Commission's cash and investments consisted of the following:

Investments:	
Colusa County Treasurer's pool	\$ 739,778
Total Cash and Investments	<u>\$ 739,778</u>

Cash

Custodial Credit Risk for Deposits - Custodial credit risk 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. Government Code requires that deposits in excess of the Federal Deposit Insurance Corporation coverage must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The Commission does not have a formal investment policy that further limits its deposits.

At year end, the Commission had no bank deposits outside the County Treasury.

Investments

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. All investments of the Commission are pooled with the County of Colusa. The Commission does not have a formal investment policy that further limits investment maturities as a means of managing its exposure to fair value losses.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 2: DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Investments (Continued)

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law and County investment policy limit investments in commercial paper to the rating of A1 or better by Standards & Poor's or P-1 or better by Moody's Investors Service; and corporate bonds to the rating of A or better by both Standards & Poor's and Moody's Investors Service. No limits are placed on U.S. government agency securities and U.S. Treasuries. The Commission does not have a formal investment policy that would further limit its investment choices.

Custodial Credit Risk - Custodial credit risk 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 Commission requires that all of its managed investments be held in the name of the Commission. The Commission does not have a formal investment policy that would limit the exposure to custodial credit risk.

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. The Commission has invested all cash in the County investment pool which contains a diversification of investments.

B. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

	<u>Balance July 1, 2008</u>	<u>Additions/ Adjustments</u>	<u>Retirements/ Adjustments</u>	<u>Balance June 30, 2009</u>
Capital Assets, Being Depreciated:				
Equipment	\$ 50,750	\$ -	\$ -	\$ 50,750
Total Capital Assets, Being Depreciated	50,750	-	-	50,750
Less Accumulated Depreciation for:				
Equipment	(26,815)	(4,514)	-	(31,329)
Total Accumulated Depreciation	(26,815)	(4,514)	-	(31,329)
Total Capital Assets, Net	<u>\$ 23,935</u>	<u>(\$ 4,514)</u>	<u>\$ -</u>	<u>\$ 19,421</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

Transportation	\$ 4,514
Total Depreciation Expense - Governmental Functions	<u>\$ 4,514</u>

C. Interfund Transactions

Due To/From Other Funds

Operating receivables and payables between funds are classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2009:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Local Transportation Planning	\$ -	\$ 24,896
Local Transportation	32,358	-
State Transit Assistance	-	7,462
Total	<u>\$ 32,358</u>	<u>\$ 32,358</u>

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 3: RELATED PARTY TRANSACTIONS

The Commission has an agreement with the County of Colusa to manage its operations. The County also provides engineering and construction services to the Commission upon request.

NOTE 4: 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.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
LOCAL TRANSPORTATION PLANNING - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Aid from other government agencies:				
Rural planning assistance	\$ 231,000	\$ 231,000	\$ 252,678	\$ 21,678
Use of money	-	-	2,026	2,026
Total Revenues	<u>231,000</u>	<u>231,000</u>	<u>254,704</u>	<u>23,704</u>
<u>EXPENDITURES</u>				
Overall Work Program	147,000	147,000	143,239	3,761
STIP PPM expenses	84,000	84,000	7,040	76,960
SAFETEA-LU expenses	91,424	91,424	79,018	12,406
Total Expenditures	<u>322,424</u>	<u>322,424</u>	<u>229,297</u>	<u>93,127</u>
Net Change in Fund Balance	(91,424)	(91,424)	25,407	116,831
Fund Balance - Beginning	56,336	56,336	56,336	-
Fund Balance - Ending	<u>\$ (35,088)</u>	<u>\$ (35,088)</u>	<u>\$ 81,743</u>	<u>\$ 116,831</u>

See accompanying note to the required supplementary information.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
LOCAL TRANSPORTATION - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 600,000	\$ 600,000	\$ 1,097,304	\$ 497,304
Use of money	30,000	30,000	21,055	(8,945)
Total Revenues	<u>630,000</u>	<u>630,000</u>	<u>1,118,359</u>	<u>488,359</u>
<u>EXPENDITURES</u>				
Allocations:				
Regional transit	773,291	773,291	431,371	341,920
Road maintenance	716,127	770,115	770,115	-
Planning and administration	6,713	6,713	13,564	(6,851)
Total Expenditures	<u>1,496,131</u>	<u>1,550,119</u>	<u>1,215,050</u>	<u>335,069</u>
Net Change in Fund Balance	<u>(866,131)</u>	<u>(920,119)</u>	<u>(96,691)</u>	<u>823,428</u>
Fund Balance - Beginning	<u>925,066</u>	<u>925,066</u>	<u>925,066</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 58,935</u>	<u>\$ 4,947</u>	<u>\$ 828,375</u>	<u>\$ 823,428</u>

See accompanying note to the required supplementary information.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
STATE TRANSIT ASSISTANCE - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 120,000	\$ 120,000	\$ 74,232	\$ (45,768)
Use of money	4,500	4,500	105	(4,395)
Total Revenues	124,500	124,500	74,337	(50,163)
<u>EXPENDITURES</u>				
Allocations:				
Regional transit	124,500	124,500	78,237	46,263
Total Expenditures	124,500	124,500	78,237	46,263
Net Change in Fund Balance	-	-	(3,900)	(3,900)
Fund Balance - Beginning	3,948	3,948	3,948	-
Fund Balance - Ending	<u>\$ 3,948</u>	<u>\$ 3,948</u>	<u>\$ 48</u>	<u>\$ (3,900)</u>

See accompanying note to the required supplementary information.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009

BUDGETARY BASIS OF ACCOUNTING

The Commission follows these procedures annually in establishing the budgetary data reflected in the financial statements:

1. The Director of Public Works submits to the Board of Commissioners a proposed draft budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The Board of Commissioners reviews the proposed 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.

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).

SUPPLEMENTARY INFORMATION

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
SCHEDULE OF ALLOCATIONS AND EXPENDITURES
LOCAL TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Beginning Allocations as Adjusted	Allocated	Expended	Rescinded	Ending Allocations as Adjusted
Colusa County Transit Agency 99260 (a)	\$ -	\$ 431,371	\$ 431,371	\$ -	\$ -
Colusa County Local Transportation Commission 99233.1	-	13,564	13,564	-	-
County of Colusa 99234	158,250	341,045	158,250	-	341,045
City of Colusa 99233.9	298,696	177,344	298,696	-	177,344
City of Williams 99233.9	313,169	163,702	313,169	-	163,702
Contingency	150,000	-	-	-	150,000
	<u>\$ 920,115</u>	<u>\$ 1,127,026</u>	<u>\$ 1,215,050</u>	<u>\$ -</u>	<u>\$ 832,091</u>

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
SCHEDULE OF ALLOCATIONS AND EXPENDITURES
STATE TRANSIT ASSISTANCE FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Allocations Outstanding June 30, 2008	Allocated	Expended	Rescinded	Allocations Outstanding June 30, 2009
Colusa County Transit Agency	\$ -	\$ 78,237	\$ 78,237	\$ -	\$ -
6731 (b)	\$ -	\$ 78,237	\$ 78,237	\$ -	\$ -

OTHER REPORT AND SCHEDULES

**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 the financial statements of the governmental activities and each major fund of the Colusa County Local Transportation Commission (Commission), as of and for the year ended June 30, 2009, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated March 19, 2010. 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 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

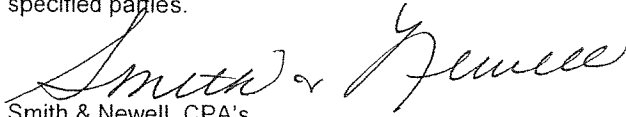
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of 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.

Colusa County Local Transportation Commission
County of Colusa
Colusa, California

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 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.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the organization, and the State Controller's Office and is not intended and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Smith & Newell", written in dark ink.

Smith & Newell, CPA's
Yuba City, California
March 19, 2010

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION, CALIFORNIA
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009

Audit Reference

Status of Prior Year Audit Recommendation

08-FS-01

STATEMENT ON AUDITING STANDARDS NO. 112

Recommendation

The Commission may consider the following possible actions:

1. Provide training opportunities for its accounting staff that would enable them to become more familiar with the general disclosure requirements. This training should include, but is not limited to, the usage of a disclosure checklist, which provides guidance to the financial statement's content and whether a necessary disclosure has been overlooked.
2. Hire an external accountant to confirm that the financial statements and related disclosures are in accordance with GAAP.
3. Take no action. The Commission may find that the costs outweigh the benefits to adhere to this standard. No action will continue to result in a significant deficiency in the Commission's internal controls over the preparation of the financial statements.

Status

Implemented