
**COLUSA COUNTY
LOCAL TRANSPORTATION COMMISSION
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2006**

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**COLUSA COUNTY
LOCAL TRANSPORTATION COMMISSION
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FOR THE YEAR ENDED JUNE 30, 2006**

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FINANCIAL SECTION

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- Independent Auditor's Report
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INDEPENDENT AUDITOR'S REPORT

Colusa County Transportation Commission
County of Colusa
Colusa, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Colusa County Local Transportation Commission, California (Commission), as of and for the year ended June 30, 2006, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's and 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.

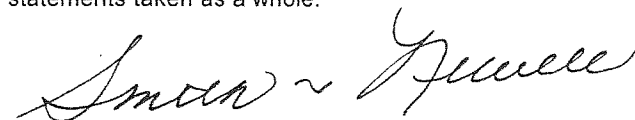
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Commission as of June 30, 2006, and the respective changes in financial 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 April 4, 2007, 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 information on pages 14 through 17, is not a required part of the basic financial statements but is 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 has not presented a Management Discussion and Analysis report that the Government Accounting Standards Board has determined is required supplementary information, although not required to be part of the basic 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 combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and 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
April 4, 2007

BASIC FINANCIAL STATEMENTS

Government Wide Financial Statements

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
STATEMENT OF NET ASSETS
JUNE 30, 2006

	<u>Governmental Activities</u>	<u>Total</u>
<u>ASSETS</u>		
Cash and investments	\$ 725,464	\$ 725,464
Accounts receivable	78,109	78,109
Interest receivable	6,544	6,544
Capital assets:		
Depreciable assets, net of depreciation	<u>32,963</u>	<u>32,963</u>
Total Assets	<u>843,080</u>	<u>843,080</u>
<u>LIABILITIES</u>		
Accounts payable	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	32,963	32,963
Unrestricted	<u>810,117</u>	<u>810,117</u>
Total Net Assets	<u>\$ 843,080</u>	<u>\$ 843,080</u>

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

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Transportation	\$ 745,803	\$ -	\$ 180,378	\$ -	\$ (565,425)
Total Governmental Activities	745,803	-	180,378	-	(565,425)
Total Primary Government	\$ 745,803	\$ -	\$ 180,378	\$ -	(565,425)
General revenues:					
Sales and use taxes					733,288
Interest and investment earnings					25,345
Miscellaneous					54
Total General Revenues					758,687
Change in Net Assets					193,262
Net Assets - Beginning					632,582
Prior period adjustment					17,236
Net Assets - Beginning, Restated					649,818
Net Assets - Ending					\$ 843,080

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

BASIC FINANCIAL STATEMENTS

Fund Financial Statements

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	Local Transportation Planning	Local Transportation	State Transit Assistance	Total Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 109,244	\$ 601,519	\$ 14,701	\$ 725,464
Accounts receivable	-	29,013	14,223	43,236
Interest receivable	1,230	5,012	302	6,544
Total Assets	\$ 110,474	\$ 635,544	\$ 29,226	\$ 775,244
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
<u>FUND BALANCES</u>				
Unreserved, reported in:				
Special Revenue				
Undesignated	110,474	635,544	29,226	775,244
Total Fund Balances	110,474	635,544	29,226	775,244
Total Liabilities and Fund Balances	\$ 110,474	\$ 635,544	\$ 29,226	\$ 775,244

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

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2006

Total Governmental Fund Balances	\$ 775,244
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 funds.	32,963
Under the modified accrual basis of accounting used in governmental funds, revenues are not recognized for transactions that do not represent available financial resources. In the statement of activities, however, revenues and assets are reported regardless of when financial resources are available.	
Accounts receivable (net of allowance)	<u>34,873</u>
Net Assets of Governmental Activities	<u>\$ 843,080</u>

The notes to the 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, 2006

	Local Transportation Planning	Local Transportation	State Transit Assistance	Total Governmental Funds
<u>REVENUES</u>				
Taxes	\$ -	\$ 670,592	\$ 62,696	\$ 733,288
Aid from other government agencies:				
Rural planning assistance	61,001	-	-	61,001
TEA	84,504	-	-	84,504
Use of money	4,786	19,430	1,129	25,345
Other revenue	54	-	-	54
	<u>150,345</u>	<u>690,022</u>	<u>63,825</u>	<u>904,192</u>
Total Revenues				
	150,345	690,022	63,825	904,192
<u>EXPENDITURES</u>				
Overall Work Program				
General administration (1.01)	26,220	-	-	26,220
Transportation planning (2.01)	8,535	-	-	8,535
Transportation studies (3.01)	25,136	-	-	25,136
Coordination and communication (4.01)	1,537	-	-	1,537
Agency coordination (5.01)	34,445	-	-	34,445
STIP PPM expenses	10,943	-	-	10,943
Road maintenance	101,140	-	-	101,140
Allocations:				
Regional transit	-	477,408	49,093	526,501
Planning and administration	-	6,832	-	6,832
	<u>207,956</u>	<u>484,240</u>	<u>49,093</u>	<u>741,289</u>
Total Expenditures				
	207,956	484,240	49,093	741,289
Net Change in Fund Balances	<u>(57,611)</u>	<u>205,782</u>	<u>14,732</u>	<u>162,903</u>
Fund Balances - Beginning	150,242	430,369	14,494	595,105
Prior period adjustment	17,843	(607)	-	17,236
Fund Balances - Beginning, Restated	<u>168,085</u>	<u>429,762</u>	<u>14,494</u>	<u>612,341</u>
Fund Balances - Ending	<u>\$ 110,474</u>	<u>\$ 635,544</u>	<u>\$ 29,226</u>	<u>\$ 775,244</u>

The notes to the 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, 2006

Net Change in Fund Balances - Total Governmental Funds	\$ 162,903
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. This is the amount by which depreciation expense (\$4,514) exceeded capital outlay (\$0) in the current period.	(4,514)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	
Accounts receivable not available as current financial resources	<u>34,873</u>
Change in Net Assets of Governmental Activities	<u>\$ 193,262</u>

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

BASIC FINANCIAL STATEMENTS

Notes to the Financial Statements

**COLUSA COUNTY
LOCAL TRANSPORTATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

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

A. Reporting Entity

Colusa County Local Transportation Commission (the Commission), was created by the Transportation Development Act (SB325) represented by Chapter 1400, Statutes of 1971, effective July 1, 1973. This Act was developed by the Legislature of the State of California and provides funding for public transportation expenditures. The primary source of this funding is from a 1/4 cent State Sales tax.

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 Colusa County Transportation Commission is governed by a Board of Commissioners consisting of three representatives from the County of Colusa, two representatives from the City of Colusa and one representative of the City of Williams.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a government 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 or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, Management has determined that the Commission is an independent entity from the County of Colusa and has also determined that there are no component units of the Commission.

B. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Commission. Governmental activities, which are normally supported by taxes and inter-governmental 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 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

**COLUSA COUNTY
LOCAL TRANSPORTATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

**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 reporting entity 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. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. 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 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.
- The Local Transportation Planning fund is a special revenue fund used to account for monies expended in relation to the overall work program.

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 property and sales tax, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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. Property and sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within thirty 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. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and 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. 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
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

**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 Commissions's investments in the pool was based on unaudited quoted market values as provided by the County Treasurer. The pool has not provided or obtained any legally binding guarantees during the period to support the value of investments.

The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value.

E. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include taxes, grants, and interest.

In the 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 30 days since they would be considered both measurable and available.

F. 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 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 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 used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**COLUSA COUNTY
LOCAL TRANSPORTATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

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

G. Net Assets/Fund Balance

Government-Wide 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 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. The Commission had no reserves or designations at June 30, 2006.

H. 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.

I. 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

J. 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.

**COLUSA COUNTY
LOCAL TRANSPORTATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Net Assets

During the current year, the Commission corrected a prior year misstatement of interest and deferred revenue.

The impact of the restatements on the net assets on the government-wide financial statements as previously reported is presented below:

	<u>Governmental Activities</u>
Fund Balance/Net Assets, June 30, 2005, as previously reported	\$ 632,582
Adjustment associated with:	
Correction of interest	(607)
Correction of deferred revenue	<u>17,843</u>
Total Adjustments	<u>17,236</u>
Fund Balance/Net Assets, July 1, 2005, as restated	<u>\$ 649,818</u>

The impact of the restatements on the fund balance on the fund financial statements as previously reported is presented below:

	<u>Local Transportation Planning</u>	<u>Local Transportation</u>
Fund Balance/Net Assets, June 20, 2005, as previously reported	\$ 150,242	\$ 430,369
Adjustment associated with:		
Correction of interest	-	(607)
Correction of deferred revenue	<u>17,843</u>	<u>-</u>
Total Adjustments	<u>17,843</u>	<u>(607)</u>
Net Assets, July 1, 2005, as restated	<u>\$ 168,085</u>	<u>\$ 429,762</u>

NOTE 3: DETAILED NOTES

A. Cash and Investments

Total cash and investments of the Commission at fair value are comprised of the following:

Investments:	<u>\$ 725,464</u>
In Colusa County Treasurer's pool	
Total Cash and Investments	<u>\$ 725,464</u>

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 invested in accordance with the investment policies of the County of Colusa. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**COLUSA COUNTY
LOCAL TRANSPORTATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

NOTE 3: DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law and County investment pool policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law also limits investments in corporate bonds to the rating of A by both Standards & Poor's and Moody's Investors Service. The Commission has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The Commission has invested all cash, other than cash with fiscal agents, in the County investment pool. Given an investment pool's natural diversification, GASB 40 exempts the investment in the Colusa County Treasurer's pool from concentration of credit risk disclosures.

B. Capital Assets

Capital assets activity for the year ended June 30, 2006, was as follows:

	<u>Balance July 1, 2005</u>	<u>Additions/ Adjustments</u>	<u>Retirements/ Adjustments</u>	<u>Balance June 30, 2006</u>
Governmental Activities				
Capital Assets, Being Depreciated:				
Equipment	\$ 50,750	\$ -	\$ -	\$ 50,750
Total Capital Assets, Being Depreciated	50,750	-	-	50,750
Less Accumulated Depreciation for:				
Equipment	(13,273)	(4,514)	-	(17,787)
Total Accumulated Depreciation	(13,273)	(4,514)	-	(17,787)
Total Capital Assets, Being Depreciated, Net	37,477	(4,514)	-	32,963
Governmental Activities Capital Assets, Net	<u>\$ 37,477</u>	<u>(\$ 4,514)</u>	<u>\$ -</u>	<u>\$ 32,963</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

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

NOTE 4: 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.

REQUIRED SUPPLEMENTARY INFORMATION

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
BUDGETARY COMPARISON SCHEDULE
LOCAL TRANSPORTATION PLANNING - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Aid from other government agencies:				
Rural planning assistance	\$ 97,500	\$ 97,500	\$ 61,001	\$ (36,499)
TEA	-	47,438	84,504	37,066
Use of money	-	-	4,786	4,786
Other revenue	-	-	54	54
Total Revenues	97,500	144,938	150,345	5,407
<u>EXPENDITURES</u>				
Overall Work Program				
General administration (1.01)	26,659	26,659	26,220	439
Transporation planning (2.01)	8,082	8,082	8,535	(453)
Transporation studies (3.01)	24,633	24,633	25,136	(503)
Coordination and communication (4.01)	3,515	3,515	1,537	1,978
Agency coordination (5.01)	15,976	34,611	34,445	166
STIP PPM expenses	11,000	11,000	10,943	57
Road maintenance	146,990	194,428	101,140	93,288
Total Expenditures	236,855	302,928	207,956	94,972
Net Change in Fund Balance	(139,355)	(157,990)	(57,611)	100,379
Fund Balance - Beginning	150,242	150,242	150,242	-
Prior period adjustment	-	-	17,843	17,843
Fund Balance - Beginning, Restated	150,242	150,242	168,085	17,843
Fund Balance - Ending	\$ 10,887	\$ (7,748)	\$ 110,474	\$ 118,222

See accompanying note to the required supplementary information.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
BUDGETARY COMPARISON SCHEDULE
LOCAL TRANSPORTATION - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Taxes	\$ 500,000	\$ 500,000	\$ 670,592	\$ 170,592
Use of money	4,000	4,000	19,430	15,430
Total Revenues	<u>504,000</u>	<u>504,000</u>	<u>690,022</u>	<u>186,022</u>
<u>EXPENDITURES</u>				
Allocations:				
Regional transit	787,280	839,996	477,408	362,588
Road maintenance	45,970	45,970	-	45,970
Planning and administration	6,250	7,034	6,832	202
Total Expenditures	<u>839,500</u>	<u>893,000</u>	<u>484,240</u>	<u>408,760</u>
Net Change in Fund Balance	<u>(335,500)</u>	<u>(389,000)</u>	<u>205,782</u>	<u>594,782</u>
Fund Balance - Beginning	430,369	430,369	430,369	-
Prior period adjustment	-	-	(607)	(607)
Fund Balance - Beginning, Restated	<u>430,369</u>	<u>430,369</u>	<u>429,762</u>	<u>(607)</u>
Fund Balance - Ending	<u>\$ 94,869</u>	<u>\$ 41,369</u>	<u>\$ 635,544</u>	<u>\$ 594,175</u>

See accompanying note to the required supplementary information.

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
BUDGETARY COMPARISON SCHEDULE
STATE TRANSIT ASSISTANCE - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 32,000	\$ 34,248	\$ 62,696	\$ 28,448
Use of money	300	351	1,129	778
Total Revenues	<u>32,300</u>	<u>34,599</u>	<u>63,825</u>	<u>29,226</u>
<u>EXPENDITURES</u>				
Allocations:				
Regional transit	<u>41,341</u>	<u>49,093</u>	<u>49,093</u>	<u>-</u>
Total Expenditures	<u>41,341</u>	<u>49,093</u>	<u>49,093</u>	<u>-</u>
Net Change in Fund Balance	(9,041)	(14,494)	14,732	29,226
Fund Balance - Beginning	<u>14,494</u>	<u>14,494</u>	<u>14,494</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 5,453</u>	<u>\$ -</u>	<u>\$ 29,226</u>	<u>\$ 29,226</u>

See accompanying note to the required supplementary information.

COLUSA COUNTY
LOCAL TRANSPORTATION COMMISSION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006

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
SCHEDULE OF ALLOCATIONS AND EXPENDITURES
LOCAL TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Allocations Outstanding June 30, 2005</u>	<u>Allocated</u>	<u>Expended</u>	<u>Rescinded</u>	<u>Allocations Outstanding June 30, 2006</u>
Colusa County Transit Agency 99260 (a)	\$ (43,174)	\$ 520,582	\$ 477,408	\$ -	\$ -
Colusa County Local Transportation Commission 99233.1	-	6,832	6,832	-	-
Contingency	-	22,586		-	22,586
	<u>\$ (43,174)</u>	<u>\$ 550,000</u>	<u>\$ 484,240</u>	<u>\$ -</u>	<u>\$ 22,586</u>

COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION
SCHEDULE OF ALLOCATIONS AND EXPENDITURES
STATE TRANSIT ASSISTANCE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Allocations Outstanding June 30, 2005</u>	<u>Allocated</u>	<u>Expended</u>	<u>Rescinded</u>	<u>Allocations Outstanding June 30, 2006</u>
Colusa County Transit Agency 6731 (b)	\$ -	\$ 49,093	\$ 49,093	\$ -	\$ -
	<u>\$ -</u>	<u>\$ 49,093</u>	<u>\$ 49,093</u>	<u>\$ -</u>	<u>\$ -</u>

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**

Colusa County Transportation Commission
County of Colusa
Colusa, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Colusa County Local Transportation Commission, California, (Commission) as of and for the year ended June 30, 2006, and have issued our report thereon dated April 4, 2007. 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.

Internal Control Over Financial Reporting

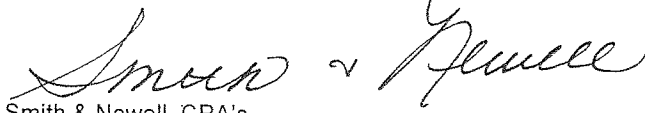
In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management in the Schedule of Findings and Recommendations.

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.

We also performed tests of the Commission's compliance with Sections 6664, 6666 and 6667 of Article 5.5 of the Statutes as Amended and Related Sections of the California Code of Regulations and Adopted by the Department of Transportation, issued by the State of California Business, Transportation and Housing Agency, Department of Transportation, and Division of Mass Transportation and certain provisions of laws, regulations, and contracts. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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


Smith & Newell, CPA's
Yuba City, California
April 4, 2007

COLUSA COUNTY
LOCAL TRANSPORTATION COMMISSION
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2006

06-1 PROCEDURES FOR MAKING STATE TRANSIT ASSISTANCE FUND ALLOCATIONS

Condition

During our audit we noted that the Commission had developed and approved a resolution authorizing the allocation of Local Transportation fund monies of \$450,000 to the Transit Agency, \$100,000 contingency to be distributed by the Commission on an as needed basis, and the remainder of the Local Transportation Funds to be distributed as apportioned by the Commission under Article 8 after the determination of Unmet Transit Needs findings and documentation. However, we noted that written allocation instructions were not developed for State Transit Assistance funds.

Effect of Condition

State Transit Assistance funds were transferred to the Transit Agency without approved allocation instructions. This is a technical violation of the Transportation Development Act which requires the County Auditor to follow expressly the resolutions and allocation instruction of the Commission.

Recommendation

We recommend that the process of allocating and paying State Transit Assistance funds be formalized into an approved resolution of the Commission

**COLUSA COUNTY
LOCAL TRANSPORTATION COMMISSION
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2006**

<u>Recommendation</u>	<u>Status</u>
PROCEDURES FOR MAKING STATE TRANSIT ASSISTANCE FUND ALLOCATIONS	
We recommend that the process of allocating and paying State Transit Assistance funds be formalized into an approved resolution of the Commission.	Not Implemented