

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS**

Audited Financial Statements  
and Compliance Reports

June 30, 2013

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS

Audited Financial Statements  
And Compliance Reports

June 30, 2013

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# Richardson & Company

550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Butte County Association of Governments  
Chico, 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 Butte County Association of Governments (Association), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Association'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 an opinion 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 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2013 and the results of its operations and cash flows for its enterprise fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Butte County Association of Governments

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information as listed in the accompanying 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.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Association's basic financial statements. The supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements as listed in the table of contents. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

The supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relates 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 supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2014 on our consideration of the Association'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, including the Transportation Development Act and PTMISEA Guidelines. 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 Association's internal control over financial reporting and compliance.

*Richardson & Company*

January 15, 2014

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The discussion and analysis of the financial performance of the Butte County Association of Governments (BCAG) provides an overview of BCAG's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at BCAG's financial performance as a whole: users of these financial statements should read this discussion and analysis in conjunction with the basic financial statements following this section to enhance their understanding of BCAG's financial performance.

**Financial Highlights**

- The assets of BCAG exceeded its liabilities at the close of the most recent fiscal year by \$14,029,628 (*net position*). Of this amount, \$504,431 (*unrestricted net position*) may be used to meet BCAG's ongoing obligations to citizens and creditors. BCAG's total net position decreased by \$2,329.
- As of June 30, 2013, BCAG governmental funds reported combined ending fund balances of \$2,216,022. \$1,815,154 represents Transportation Development Act (TDA) funds available for future TDA claims (*restricted fund balance*).
- As of June 30, 2013, unassigned fund balance of \$373,646 for the governmental funds is all related to the planning and administration fund and is 4.0 percent of total planning and administration fund operating expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to BCAG's basic financial statements. BCAG's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements** – The government-wide financial statements are designed to provide readers with a broad overview of BCAG's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how BCAG's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event takes place regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows and outflows in future fiscal years.

Both of the government-wide financial statements distinguish functions of BCAG that are primarily financed with intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). BCAG's governmental activities include the planning and administration activities of the Metropolitan Planning Organization (MPO) and the Regional Transportation Planning Agency (RTPA), such as the allocation of Transportation Development Act (TDA) funds and Regional Surface Transportation Planning (RSTP) funds to the local jurisdictions. BCAG's business-type activities consist of the Butte Regional Transit (BRT) system.

The government-wide financial statements are presented on pages 10-11.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. BCAG, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** – Governmental funds are used to account for activities that are similar in nature to the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating BCAG's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This will allow readers to get a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

BCAG maintains four individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each of the major funds.

BCAG adopted an annual appropriated budget for the Planning and Administration Fund only. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the adopted budget.

The basic governmental fund financial statements are presented on pages 12-14 of this report.

**Proprietary funds** – Proprietary funds are used to account for activities for which BCAG charges a fee. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. BCAG maintains the following type of proprietary fund.

**Enterprise fund** – Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. BCAG uses enterprise funds to account for the BRT operations.

The enterprise fund financial statements are presented on pages 15-17 of this report.

**Notes to the Basic Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are presented on pages 18-32 of this report.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Government-wide Financial Analysis**

The largest portion of BCAG's net position, \$11,676,961, reflects the capital assets of the transit system, land held for mitigation purposes and construction in progress. Restricted net position consists of \$1,815,154 for payments of TDA funds to local jurisdictions and \$33,082 of interest earned on Proposition 1B bond receipts. \$504,431 reflects the unrestricted net assets, which may be used to meet BCAG's ongoing obligations to citizens and creditors.

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets:</b>						
Current and other assets	\$ 11,115,953	\$ 6,214,961	\$ 5,944,945	\$ 4,658,646	\$ 17,060,898	\$ 10,873,607
Nondepreciable capital assets	3,744,365	2,818,332	62,098	48,771	3,806,463	2,867,103
Depreciated capital assets, net	22,915	10,308	7,847,583	9,269,009	7,870,498	9,279,317
Total assets	<u>14,883,233</u>	<u>9,043,601</u>	<u>13,854,626</u>	<u>13,976,426</u>	<u>28,737,859</u>	<u>23,020,027</u>
<b>Liabilities:</b>						
Current	8,899,931	4,461,253	5,728,365	4,452,184	14,628,296	8,913,437
Long-term	79,935	74,633	-	-	79,935	74,633
	<u>8,979,866</u>	<u>4,535,886</u>	<u>5,728,365</u>	<u>4,452,184</u>	<u>14,708,231</u>	<u>8,988,070</u>
<b>Net position:</b>						
Net investment in in capital assets	3,767,280	2,828,640	7,909,681	9,317,780	11,676,961	12,146,420
Restricted	1,837,376	1,225,423	10,860	-	1,848,236	1,225,423
Unrestricted	298,711	453,652	205,720	206,462	504,431	660,114
Total net position	<u>\$ 5,903,367</u>	<u>\$ 4,507,715</u>	<u>\$ 8,126,261</u>	<u>\$ 9,524,242</u>	<u>\$ 14,029,628</u>	<u>\$ 14,031,957</u>

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The following table indicates the changes in net position for governmental and business-type activities:

<b>BUTTE COUNTY ASSOCIATION OF GOVERNMENTS STATEMENT OF ACTIVITIES</b>						
	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Expenses:</b>						
Planning and administration	\$ 8,807,398	\$ 4,650,023	\$ -	\$ -	\$ 8,807,398	\$ 4,650,023
Transportation claimants	9,775,693	9,040,603	-	-	9,775,693	9,040,603
Transit Operations	-	-	9,956,895	9,451,601	9,956,895	9,451,601
Total expenses	<u>18,583,091</u>	<u>13,690,626</u>	<u>9,956,895</u>	<u>9,451,601</u>	<u>28,539,986</u>	<u>23,142,227</u>
<b>Revenues:</b>						
Program revenues:						
Operating grants and contributions	10,808,469	6,123,122	6,786,159	6,240,818	17,594,628	12,363,940
Capital grants and contributions	926,033	1,420,940	95,250	1,551,300	1,021,283	2,972,240
Charges for services	-	-	1,649,764	1,690,497	1,649,764	1,690,497
General revenues:						
Tax based revenue	8,230,746	7,841,982	-	-	8,230,746	7,841,982
Investment earnings	13,495	24,567	27,741	40,600	41,236	65,167
Transfer of Capital	-	(1,458,390)	-	-	-	(1,458,390)
Total revenues	<u>19,978,743</u>	<u>13,952,221</u>	<u>8,558,914</u>	<u>9,523,215</u>	<u>28,537,657</u>	<u>23,475,436</u>
<b>Change in Net Position</b>	1,395,652	261,595	(1,397,981)	71,614	(2,329)	333,209
<b>Net position-beginning</b>	<u>4,507,715</u>	<u>4,246,120</u>	<u>9,524,242</u>	<u>9,452,628</u>	<u>14,031,957</u>	<u>13,698,748</u>
<b>Net position-ending</b>	<u>\$ 5,903,367</u>	<u>\$ 4,507,715</u>	<u>\$ 8,126,261</u>	<u>\$ 9,524,242</u>	<u>\$ 14,029,628</u>	<u>\$ 14,031,957</u>

**Governmental Activities.** Planning and administration expenses, which represent the activities of the MPO and RTPA, are primarily driven by the various projects in a given year. The most significant project in the fiscal year was phase II and III construction on Forest Highway 171, which totaled nearly \$6.3 million. Continued work on the Regional Habitat Conservation Plan added another \$900 thousand in expense. These projects were funded with federal operating grants. Expenses related to the design of the BRT Operations and Maintenance Facility are not included in program expense on the statement of activities. For government wide purposes, the BRT Operations and Maintenance Facility is considered construction in progress, a non-depreciable asset on the statement of net position. The costs associated with this asset will transfer to BRT when completed. Revenues used to fund these projects are included in capital grants and contributions on the statement of activities and contribute to the change in net position. Transportation Development Act (TDA) tax revenues increased 5 percent in the current year. Transportation claimants received more than \$700 thousand in additional funding.

**Business-type Activities** – The loss in net position of \$1,397,981 reflects transactions resulting in the purchase, disposal, and depreciation of BRT fixed assets. In the current year there were only minor purchases of capital assets, while current assets were depreciated by more than \$1.5 million.



**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

**Governmental funds** – The focus of BCAG's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing BCAG's financing requirements. In particular, unreserved fund balance may serve as a useful measure of BCAG's net resources available for spending at the end of the fiscal year.

As of June 30, 2013, BCAG's governmental funds reported combined ending fund balances of \$2,216,022. Of this total amount, \$373,646 constitutes unassigned fund balance, which is available for spending at BCAG's discretion. The remainder of the fund balance, \$1,842,376, is either nonspendable or restricted for use in accordance with funding restrictions. Unallocated TDA funds, which are restricted for transportation claimants, increased governmental fund balance in the current year by \$589,731. These funds will be included in future year allocations to claimants.

The planning and administration fund is BCAG's chief operating fund. As of June 30, 2013, total unassigned fund balance of the planning and administration fund was \$373,646. As a measure of the planning and administration fund's liquidity, it may be useful to compare this balance to total fund expenditures. Unassigned fund balance represents 4.0 percent of total planning and administration fund expenditures.

Planning and administration fund balance decreased by \$127,417 in the current year. This reduction reflects use of prior year local transportation funds (LTF) which were included in the beginning fund balance. Fund balance is also affected by over/under absorbed indirect costs. In the current year \$173,834 of LTF was used to cover the under absorbed indirect costs.

*Planning and Administration Fund Budgetary Highlights*

BCAG's final amended expenditure budget of \$12,468,034 had no major amendments from the original budget adopted by the Board in May of 2012. All adjustments were for the purpose of bringing estimates in line with actual funding agreements. Fiscal year 2012/13 actual expenditures of \$10.0 million were 19.1% less than the final budgeted expenditures. Due to the unpredictable nature of construction projects actual expenditures, budgeted expense typically takes into account the total possible outlay for a project and therefore is normally below budgeted costs. There were a couple notable variances in the current year. Construction on the Forest Highway 171 project exceeded projections by \$1.3 million. While current year budgeted amounts were low for this project, funding is secured in the state transportation improvement program (STIP) over several fiscal years and was within that budget overall. BCAG budgeted \$1.8 million for the acquisition of the property associated with the construction of the BRT Operations and Maintenance Facility, which did not come to fruition this fiscal year. Additionally, \$700 thousand in budget associated with the design of this project was not used. The Butte Regional Conservation Plan (HCP/NCCP) and the SR 70 project study and design also came in under budget. The Schedule of Revenues, Expenditures and changes in Fund Balance by Activity in the Supplementary Information shows budget to actual amounts by project.

**Enterprise fund** – BCAG's enterprise fund provides the same type of information found in the government-wide financial statements, business-type activities, but in more detail. The enterprise fund, Butte Regional Transit, was added to BCAG's financial statements in 2006, to report the activities of the newly formed consolidated county-wide transit system administered by BCAG, effective July 1, 2005. The enterprise fund reflected a decrease in fund balance of \$1,397,981, which is discussed above. Due to TDA regulations, there can be no earnings on operations, thus the transactions resulting in this net change are all related to the purchase, disposal, and depreciation of transit fixed assets, which are discussed below.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Capital Assets**

As of June 30, 2013, BCAG's investment in capital assets for its governmental and business-type activities amounted to \$11,676,961 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, structures and improvements, and equipment. Capital assets are not booked in governmental funds but are recorded in the government-wide financial statements.

Asset changes in the governmental activities include the accumulation of costs associated with the construction of the BRT operations and maintenance facility which are funded by PTMISEA and other minor capital purchases.

There were only minor capital purchases for the BRT in the fiscal year. Depreciation on the BRT capital assets reduced the net asset value by \$1.5 million in fiscal year 2012/13. Construction in progress in the business-type activities is associated with the construction of the BRT operations and maintenance facility which are funded by capital reserves.

Capital assets, net of depreciation, for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,126,600	\$ 2,126,600	\$ -	\$ -	\$ 2,126,600	\$ 2,126,600
Construction in Progress	1,617,765	691,732	62,098	48,771	1,679,863	740,503
Structures and improvements	-	-	1,425,259	1,457,302	1,425,259	1,457,302
Equipment	22,915	10,308	6,422,324	7,811,707	6,445,239	7,822,015
Total	<u>\$ 3,767,280</u>	<u>\$ 2,828,640</u>	<u>\$ 7,909,681</u>	<u>\$ 9,317,780</u>	<u>\$ 11,676,961</u>	<u>\$ 12,146,420</u>

**Economic Factors and Next Year's Budgets and Rates**

As BCAG heads into the 2014 calendar year, California's economy continues to improve with legislators shifting from a "budget crisis" mode to a "long-term debt" reduction mode. While there are several factors that could affect California's economy such as pensions, Washington dysfunction and the impact of the Affordable Care Act, it doesn't appear that State's transportation programs and funding will be impacted. BCAG assumes that state transportation funding will remain stable over the next year and may see slight funding increases.

The California Transportation Commission (CTC), which has programming responsibility for major highway capital projects in California, now has a more stable annual funding program, which allows for better planning and project implementation. Currently, all projects included in the STIP for Butte County have received their allocation of funding and are moving ahead on schedule.

The current federal transportation surface bill, MAP-21 (*Moving Ahead for Progress in the 21<sup>st</sup> Century*) was enacted in 2012 and is a two-year transportation bill. MAP-21 includes \$105 billion for the nation's transportation system over the next two years and is intended to be a streamlined and performance-based surface transportation program that builds on many of the highway, transit, bike, and pedestrian programs and policies established in 1991. As of December 2013, the House and Senate passed a two year budget bill that will continue to fund MAP-21 through 2014, and may include a slight funding increase for some transportation programs and planning.

In summary, the funding outlook for transportation funding programs that support BCAG planning work and capital projects throughout the region look very stable for the next two years. In addition, with the State's economy and budget showing signs of improvement and the federal government approving a budget bill as of December 2013, there is the possibility that BCAG may see slight funding increases in formula-driven transportation programs.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Requests for Information**

This financial report is designed to provide citizens, taxpayers, creditors and investors with a general overview of BCAG's finances and to show BCAG's accountability for the funds that it receives. If you have any questions about this report or need additional financial information, contact Mr. Jon Clark, Butte County Association of Governments, Executive Director, 2580 Sierra Sunrise Terrace, Suite 100, Chico, California, 95928 and (530) 879-2468.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 891,724	\$ 2,722,353	\$ 3,614,077
Receivables	5,549,077	2,767,157	8,316,234
Prepaid	5,000	13,788	18,788
Restricted Cash	4,670,152	441,647	5,111,799
Nondepreciated capital assets	3,744,365	62,098	3,806,463
Depreciated capital assets, net	22,915	7,847,583	7,870,498
Total assets	<u>14,883,233</u>	<u>13,854,626</u>	<u>28,737,859</u>
<b>LIABILITIES</b>			
Payables	4,252,001	1,381,517	5,633,518
Unearned Revenues	4,647,930	4,346,848	8,994,778
Compensated absences, due within one year	20,518	-	20,518
Long-term liabilities	59,417	-	59,417
Total liabilities	<u>8,979,866</u>	<u>5,728,365</u>	<u>14,708,231</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,767,280	7,909,681	11,676,961
Restricted	1,837,376	10,860	1,848,236
Unrestricted	298,711	205,720	504,431
Total net position	<u>\$ 5,903,367</u>	<u>\$ 8,126,261</u>	<u>\$ 14,029,628</u>

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

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>PROGRAM EXPENSES</b>			
Governmental activities:			
Planning and administration	\$ 8,807,398	\$ -	\$ 8,807,398
Transportation claimants	9,775,693	-	9,775,693
Total governmental activities	18,583,091	-	18,583,091
Business-type activities:			
Transit operations	-	9,956,895	9,956,895
Total program expenses	18,583,091	9,956,895	28,539,986
<b>PROGRAM/OPERATING REVENUES</b>			
Operating grants and contributions	10,808,469	6,786,159	17,594,628
Capital grants and contributions	926,033	95,250	1,021,283
Charges for services	-	1,649,764	1,649,764
Total program/operating revenues	11,734,502	8,531,173	20,265,675
Net program (expense) revenues	(6,848,589)	(1,425,722)	(8,274,311)
<b>GENERAL REVENUES</b>			
State shared revenue - sales and use taxes	8,230,746	-	8,230,746
Investment earnings	13,495	27,741	41,236
Total general revenues	8,244,241	27,741	8,271,982
Change in net position	1,395,652	(1,397,981)	(2,329)
Net position - beginning	4,507,715	9,524,242	14,031,957
Net position - ending	\$ 5,903,367	\$ 8,126,261	\$ 14,029,628

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

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	Planning and Administration	State Highway	Local Transportation Fund	State Transit Assistance	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 273,077	\$ 701	\$ 615,413	\$ 2,533	\$ 891,724
Interest receivable	1,636	1	709	76	2,422
Prepaid expenses	5,000	-	-	-	5,000
Due from other governments	1,431,605	2,580,121	1,183,000	351,929	5,546,655
Restricted cash	4,670,152	-	-	-	4,670,152
<b>Total assets</b>	<b>\$ 6,381,470</b>	<b>\$ 2,580,823</b>	<b>\$ 1,799,122</b>	<b>\$ 354,538</b>	<b>\$ 11,115,953</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Warrants payable	\$ 23,347	\$ -	\$ -	\$ -	\$ 23,347
Accounts payable	1,305,538	-	-	-	1,305,538
Salaries and benefits payable	3,787	-	-	-	3,787
Due to other governments	-	2,580,823	245,233	93,273	2,919,329
Unearned revenue	4,647,930	-	-	-	4,647,930
<b>Total liabilities</b>	<b>5,980,602</b>	<b>2,580,823</b>	<b>245,233</b>	<b>93,273</b>	<b>8,899,931</b>
<b>Fund Balances:</b>					
Nonspendable- prepaid expense	5,000	-	-	-	5,000
Restricted - PTMISEA interest	22,222	-	-	-	22,222
Restricted - transportation	-	-	1,553,889	261,265	1,815,154
Unassigned	373,646	-	-	-	373,646
<b>Total fund balances</b>	<b>400,868</b>	<b>-</b>	<b>1,553,889</b>	<b>261,265</b>	<b>2,216,022</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,381,470</b>	<b>\$ 2,580,823</b>	<b>\$ 1,799,122</b>	<b>\$ 354,538</b>	<b>\$ 11,115,953</b>

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION:**

Fund balances - total governmental funds	\$ 2,216,022
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets and capital assets under construction used in governmental activities are not financial resources and therefore, are not reported in the funds.	
Nondepreciated capital assets	3,744,365
Depreciated capital assets, net of depreciation	22,915
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net OPEB obligation	(38,899)
Compensated Absenses	(41,036)
<b>Net position of governmental activities</b>	<b>\$ 5,903,367</b>

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

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Planning and Administration	State Highway	Local Transportation Fund	State Transit Assistance	Total Governmental Funds
<b>Revenues:</b>					
Sales and use taxes	\$ -	\$ -	\$ 6,923,775	\$ 1,306,971	\$ 8,230,746
State highway funds	-	2,580,121	-	-	2,580,121
Federal grants	8,009,866	-	-	-	8,009,866
State grants	1,144,515	-	-	-	1,144,515
Interest and other	353,816	692	3,244	621	358,373
<b>Total revenues</b>	<b>9,508,197</b>	<b>2,580,813</b>	<b>6,927,019</b>	<b>1,307,592</b>	<b>20,323,621</b>
<b>Expenditures:</b>					
Allocations:					
County of Butte	-	1,017,767	2,233,517	494,124	3,745,408
City of Biggs	-	15,011	46,988	8,120	70,119
City of Chico	-	942,723	2,329,090	514,071	3,785,884
City of Gridley	-	78,699	175,041	38,635	292,375
City of Oroville	-	190,959	414,258	91,434	696,651
Town of Paradise	-	335,654	695,986	153,616	1,185,256
Salaries and benefits	1,354,100	-	-	-	1,354,100
Services and supplies	7,788,583	-	-	-	7,788,583
Capital outlay	942,931	-	-	-	942,931
<b>Total expenditures</b>	<b>10,085,614</b>	<b>2,580,813</b>	<b>5,894,880</b>	<b>1,300,000</b>	<b>19,861,307</b>
Excess (deficiency) of revenues over (under) expenditures	(577,417)	-	1,032,139	7,592	462,314
Other financing sources (uses):					
Transfer in	450,000	-	-	-	450,000
Transfer out	-	-	(450,000)	-	(450,000)
<b>Total other financing sources (uses)</b>	<b>450,000</b>	<b>-</b>	<b>(450,000)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(127,417)</b>	<b>-</b>	<b>582,139</b>	<b>7,592</b>	<b>462,314</b>
Fund balances - beginning	528,285	-	971,750	253,673	1,753,708
Fund balances - ending	<u>\$ 400,868</u>	<u>\$ -</u>	<u>\$ 1,553,889</u>	<u>\$ 261,265</u>	<u>\$ 2,216,022</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES:**

Net change in fund balances - total governmental funds \$ 462,314

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay 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. Following are the changes to capital assets in the governmental activities.

Depreciation expense	(4,291)
Capital Outlay	942,931

The Statement of Activities is a government-wide statement which requires the elimination of intra-agency transactions reported in the individual Fund financial statements.

General Revenues	(344,878)
Planning and Administration expenses	344,878

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	9,250
Other post employment benefits- annual required contribution (ARC)	<u>(14,552)</u>

Change in net position of governmental activities \$ 1,395,652

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

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
PLANNING AND ADMINISTRATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Federal	\$ 9,463,521	\$ 9,521,064	\$ 8,009,866	\$ (1,511,198)
State	1,918,968	1,929,202	1,144,515	(784,687)
Interest and other	308,000	308,000	353,816	45,816
Total revenues	<u>11,690,489</u>	<u>11,758,266</u>	<u>9,508,197</u>	<u>(2,250,069)</u>
<b>Expenditures:</b>				
Salaries and benefits	1,662,400	1,626,768	1,354,100	(272,668)
Services and supplies	7,421,555	7,541,266	7,788,583	247,317
Capital Outlay	3,300,000	3,300,000	942,931	(2,357,069)
Total expenditures	<u>12,383,955</u>	<u>12,468,034</u>	<u>10,085,614</u>	<u>(2,382,420)</u>
Deficiency of revenues under expenditures	<u>(693,466)</u>	<u>(709,768)</u>	<u>(577,417)</u>	<u>132,351</u>
Other financing sources (uses):				
Transfer in	<u>693,466</u>	<u>709,768</u>	<u>450,000</u>	<u>(259,768)</u>
Total other financing sources (uses)	<u>693,466</u>	<u>709,768</u>	<u>450,000</u>	<u>(259,768)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(127,417)</u>	<u>\$ (127,417)</u>
Fund balance - beginning			<u>528,285</u>	
Fund balance - ending			<u>\$ 400,868</u>	

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



**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
STATEMENT OF NET POSITION  
BUTTE REGIONAL TRANSIT ENTERPRISE FUND  
JUNE 30, 2013**

**ASSETS:**

Cash and investments	\$ 2,722,353
Interest receivable	6,800
Accounts receivable	58,628
Due from other governments	2,701,729
Prepaid expense	13,788
Restricted Cash	441,647
Construction in Progress	62,098
Capital Assets, net of accumulated depreciation	<u>7,847,583</u>
Total assets	<u>13,854,626</u>

**LIABILITIES:**

Warrants payable	592,495
Accounts payable	789,022
Unearned revenue	<u>4,346,848</u>
Total liabilities	<u>5,728,365</u>

**NET POSITION:**

Net investment in capital assets	7,909,681
Restricted grant interest	10,860
Unrestricted	<u>205,720</u>
Total net position	<u>\$ 8,126,261</u>

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

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
BUTTE REGIONAL TRANSIT ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

OPERATING REVENUES:	
Revenue from fares	\$ 1,628,964
Other revenues	<u>20,800</u>
Total operating revenues	1,649,764
OPERATING EXPENSES:	
Administration	344,878
Insurance	333,418
Maintenance and repairs	310,469
Purchased transportation	6,017,295
Fuel	1,352,421
Marketing	41,756
Miscellaneous	53,309
Depreciation	<u>1,503,349</u>
Total operating expenses	9,956,895
OPERATING LOSS	<u>(8,307,131)</u>
NONOPERATING REVENUES:	
Federal transit assistance	2,699,017
Local government contributions	4,081,620
Interest income	27,741
State grant	<u>5,522</u>
Total nonoperating revenues	6,813,900
LOSS BEFORE CONTRIBUTIONS	<u>(1,493,231)</u>
CAPITAL CONTRIBUTIONS	
Local government contributions	28,327
State capital grant	<u>66,923</u>
Total capital contributions	95,250
CHANGE IN NET POSITION	<u>(1,397,981)</u>
NET POSITION - BEGINNING	9,524,242
NET POSITION - ENDING	<u><u>\$ 8,126,261</u></u>

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

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
STATEMENT OF CASH FLOWS  
BUTTE REGIONAL TRANSIT ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers and users	\$ 1,803,588
Payments to suppliers and claimants	(7,463,424)
Payments for interfund services used	<u>(344,878)</u>
Net cash used by operating activities	<u>(6,004,714)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Operating grants received	6,610,730
Cash received from other funds	<u>41,000</u>
Net cash provided by noncapital financing activities	<u>6,651,730</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Capital acquisitions	(75,267)
Proceeds from sales	19,114
Capital contributions	<u>250,338</u>
Net cash provided by capital and related financing activities	<u>194,185</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received	<u>30,146</u>
Net cash provided by investing activities	<u>30,146</u>
<b>Net increase in cash and cash equivalents</b>	<b>871,347</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b><u>2,292,653</u></b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 3,164,000</u></b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Operating loss	\$ (8,307,131)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	1,503,349
Changes in assets and liabilities:	
Accounts receivable	153,824
Prepays	(13,788)
Warrants payable	584,752
Accounts payable	<u>74,280</u>
Total adjustments	<u>2,302,417</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b><u>\$ (6,004,714)</u></b>

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

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. *Reporting Entity***

The Butte County Association of Governments (the Association), the regional transportation planning agency for the County of Butte (County), was created pursuant to Title 3 of Government Code Section 29535. The Board of Directors (Board) is comprised of one appointed councilperson from each of the Cities of Biggs, Chico, Gridley and Oroville and the Town of Paradise and each of the five members of the County's Board of Supervisors. The Association is responsible for transportation planning activities as well as administration of the Local Transportation Fund, the State Transit Assistance Fund and the State Highway Fund. Effective with the 2005/06 fiscal year, the Association also assumed responsibility for the Butte Regional Transit System. The Local Transportation Fund was created under the Transportation Development Act (TDA) to collect ¼ cent of the State's 7 1/2 percent retail sales tax collected statewide. The ¼ cent is returned by the State Board of Equalization to each County based on the amount of the tax collected in the county. The State Transit Assistance Fund is a second source of TDA funding for transportation planning and mass transportation purposes as specified by California legislation. TDA funds are apportioned, allocated and paid in accordance with Association's allocation instructions.

The Association does not exercise control over any other governmental agency or authority. The Association is considered a primary government since it has a separate governing body, is legally separate, and is fiscally independent of other state or local governments.

The financial statements of the Association have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**2. *Government-wide and Fund Financial Statements***

The statement of net assets and statement of activities report information on all of the activities of the Association. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Association's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a specific function. Program revenues represent grants and contributions that are restricted to meeting the operational requirements of the Association's activities. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Association considers revenues to be available if they are collected within 90 days of the end of the current fiscal period for all revenues other than grant revenues. A one year period is used for revenue recognition for all grant revenues. Revenues considered susceptible to accrual primarily include sales tax revenues, state and federal revenues, and interest. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

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 on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The Association reports the following major governmental funds:

**Planning and Administration Fund (General Fund)** – used to account for transportation planning and administration activities of the Metropolitan Planning Organization (MPO) and the Regional Transportation Planning Agency (RTPA) which are funded from various federal, state and local sources.

**State Highway Special Revenue Fund** – used to account for Regional Surface Transportation Program funds allocated by the State for eligible city and county projects in accordance with the Transportation Equity Act for the 21<sup>st</sup> Century.

**Local Transportation Special Revenue Fund** – created pursuant to the TDA to account for the proceeds received from the State Board of Equalization of the ¼ cent of State's 7 ¼ percent retail sales tax collected within the County.

**State Transit Assistance Special Revenue Fund** – created pursuant to the TDA to account for the allocations received from the State for transportation planning and mass transportation purposes. Funds are derived from the statewide sales tax on gasoline and diesel fuel.

The Association reports the following major proprietary fund:

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Butte Regional Transit (BRT) Enterprise Fund** – accounts for the public transportation system's operations and capital assets funded by Transportation Development Act (TDA) funds, Federal Transit Administration (FTA) funds and fare revenues.

**4. *Assets, Liabilities and Net Position***

Cash and Investments

The Association maintains specific cash deposits with the County and voluntarily participates in the external investment pool of the County. The Association considers all amounts held in the County's Treasury pool to be cash equivalents.

Due from/to Other Governments

These amounts represent receivables/payables with other federal, state and local governments.

Capital Assets

Capital assets, which include improvements and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Association defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements and equipment are depreciated over the estimated useful lives of the assets (3-12 years) on the straight-line method.

Warrants Payable

Warrants payable represent the amount of checks issued but not yet presented to the County for payment. Such amounts are recorded in the individual funds. When the checks are mailed, expenditures are recorded in the individual funds and an outstanding warrants liability is created, pending clearing of the check at the County.

Compensated Absences

It is the Association's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. If the employee has accrued more than 240 hours of sick leave upon separation in good standing, the employee may be compensated for the portion over 240 hours at half (1/2) the normal rate of pay, up to a maximum of \$3000. CalPERS members may use their sick leave at retirement as a credit, with 0.004 year of service credit for each unused sick day. No amounts are recorded for the sick leave accrual. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for this amount is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The Planning and Administration Fund has been used to liquidate the compensated absences liability.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Position/Fund Balances

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

*Net investment in capital assets* – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the net assets balance.

*Restricted* – This category represents external restrictions imposed by grantors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – This category represents net assets of the Association not restricted for any project or other purpose.

Fund balance of governmental funds is reported in various categories based upon the nature of the spending constraints of the revenue sources of these funds. The following classifications describe the relative strength of the spending constraints:

*Nonspendable fund balance* – amounts that are in nonspendable form (such as prepaid expenses) or are required to be maintained intact.

*Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Committed fund balance* – amounts constrained to specific purposes by the Association itself, using its highest level of decision making authority (i.e., board resolution). To be reported as committed, amounts cannot be used for any other purpose unless the Association takes the same highest level action to remove or change the constraint.

*Assigned fund balance* – amounts the Association intends to use for a specific purpose. Intent can be expressed by the Association's Board or an individual or body to whom the Association's Board has delegated the authority.

*Unassigned fund balance* – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When expenditures are incurred for purposes for which both restricted and unrestricted resources are available, the Association considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Association considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Association's Board has provided otherwise in its commitment or assignment actions.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Indirect Costs

Expenditures are accumulated and allocated to the projects using an indirect cost rate, pre-approved by the Federal Highway Administration (FHWA), applied on the basis of direct labor costs incurred by the projects.

Use of Estimates

The preparation of 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 B – BUDGETARY INFORMATION**

The Association's Board of Directors approves all budgeted revenues and expenditures for the Planning and Administration Special Revenue Fund and the Butte Regional Transit Fund. The Association does not legally adopt annual budgets for the State Highway Fund, Local Transportation Fund and State Transit Assistance Special Revenue Funds. Budgeted revenues and expenditures represent the original budget, as approved by the Board, and the final budget, which includes modifications of the original budget through amendments approved by either the Executive Director or the Board during the year. Amendments which alter total expenditures of an approved Work Element budget within the Planning and Administration Special Revenue Fund or total expenditures in the Butte Regional Transit Fund require approval of the Board of Directors.

**NOTE C – CASH AND INVESTMENTS HELD BY COUNTY TREASURER**

The Association maintains cash deposits with the County and voluntarily participates in the external investment pool of the County, which is not rated by national credit rating agencies. In accordance with California Government Code, the Association is required to maintain its cash deposits related to its Local Transportation Fund and State Transit Assistance allocations with the County Treasurer. The weighted average to maturity of the County's investment pool was 899 days. The County is restricted by State code in the types of investments it can make. Further, the County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than State code as to terms of maturity and types of investment. Also, the County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134. The County's investment policy authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, negotiable certificates of deposit, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, medium-term corporate notes, repurchase agreements, reverse repurchase agreements, and the State Treasurer's investment pool. At June 30, 2013, the Association's cash deposits, both restricted and unrestricted, of \$8,725,876 are stated at cost value, most of which is held in the County's investment pool. The fair value of the pooled County Treasury at June 30, 2013 is 99.42% of cost. However, the value of the pool shares in the County, which may be withdrawn, is determined on an amortized cost basis, which is materially equivalent to the fair value of the Association's position in the pool. Information regarding the investments within the County's pool, including related risks, can be found in the County's Comprehensive Annual Financial Report (CAFR).



**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE C – CASH AND INVESTMENTS HELD BY COUNTY TREASURER (Continued)**

Restricted cash represents cash received from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by voters as Proposition 1B. Interest earned on these funds is also considered restricted. Grant funds are considered unearned revenue until used for the purpose specified for these funds, while accumulated interest associated with these funds are held in the restricted fund balance. See Note I for description of grant projects.

**NOTE D – RECEIVABLES**

Receivables as of June 30, 2013 for the Association’s major funds are as follows:

	<u>Interest Receivable</u>	<u>Accounts Receivable</u>	<u>Due From Other Governments</u>	<u>Total</u>
Planning and Administration	\$ 1,636	\$ -	\$ 1,431,605	\$ 1,433,241
State Highway	1	-	2,580,121	2,580,122
Local Transportation Fund	709	-	1,183,000	1,183,709
State Transit Assistance	76	-	351,929	352,005
Butte Regional Transit	6,800	58,628	2,701,729	2,767,157
	<u>6,800</u>	<u>58,628</u>	<u>2,701,729</u>	<u>2,767,157</u>
Receivables	<u>\$ 9,222</u>	<u>\$ 58,628</u>	<u>\$ 8,248,384</u>	<u>\$ 8,316,234</u>

The Association considers all receivables to be collectible.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE E – CAPITAL ASSETS**

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

	Beginning Balance	Additions	Deletions	Ending Balance
Planning and Administration:				
Nondepreciated Capital Assets:				
Land	\$ 2,126,600	\$ -	\$ -	\$ 2,126,600
Construction in Progress	691,732	926,033	-	1,617,765
Depreciated Capital Assets:				
Office Equipment	86,320	16,898	(23,314)	79,904
Accumulated Depreciation	(76,012)	(4,291)	23,314	(56,989)
	<u>\$ 2,828,640</u>	<u>\$ 938,640</u>	<u>\$ -</u>	<u>\$ 3,767,280</u>
Butte Regional Transit:				
Nondepreciated Capital Assets:				
Construction in Progress	\$ 48,771	\$ 13,327	\$ -	\$ 62,098
Depreciated Capital Assets:				
Structures & Improvements	1,769,299	-	-	1,769,299
Accumulated Depreciation	(311,998)	(32,042)	-	(344,040)
Vehicles & Equipment	17,155,558	81,923	(89,588)	17,147,893
Accumulated Depreciation	(9,343,850)	(1,471,307)	89,588	(10,725,569)
	<u>\$ 9,317,780</u>	<u>\$ (1,408,099)</u>	<u>\$ -</u>	<u>\$ 7,909,681</u>
Capital Assets, Net	<u>\$ 12,146,420</u>	<u>\$ (469,459)</u>	<u>\$ -</u>	<u>\$ 11,676,961</u>

Depreciation expense was charged to functions/programs as follows:

Planning and Administration	\$ <u>4,291</u>
Butte Regional Transit	\$ <u>1,503,349</u>

The Association is a fee title holder of land to be used in mitigation of future capital projects. Approximately 48 acres of land is owned in Butte County and approximately 377 acres is owned in Tehama County. In mitigation, ecological boundaries may not necessarily coincide with jurisdictional political boundaries. The Association is temporarily holding these properties until a suitable third party can be granted all rights to fee title.

Construction in progress in both the Planning and Administration Fund and Butte Regional Transit Fund are related to the design and eventual construction of the BRT Operations and Maintenance Facility.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE F – PAYABLES**

Payables as of June 30, 2013 for the Association's major funds are as follows:

	Warrants Payable	Accounts Payable	Salaries and Benefits Payable	Due To Other Governments	Total
Planning and Administration	\$ 23,347	\$ 1,305,538	\$ 3,787	\$ -	\$ 1,332,672
State Highway	-	-	-	2,580,823	2,580,823
Local Transportation Fund	-	-	-	245,233	245,233
State Transit Assistance	-	-	-	93,273	93,273
Butte Regional Transit	592,495	789,022	-	-	1,381,517
<b>Payables</b>	<b>\$ 615,842</b>	<b>\$ 2,094,560</b>	<b>\$ 3,787</b>	<b>\$ 2,919,329</b>	<b>\$ 5,633,518</b>

**NOTE G – LONG TERM LIABILITIES**

Long term liability activity for the fiscal year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	\$ 50,286	\$ 67,299	\$ 76,549	\$ 41,036	\$ 20,518
Other post employment benefits obligation	24,347	14,552	-	38,899	-
<b>Total</b>	<b>\$ 74,633</b>	<b>\$ 81,851</b>	<b>\$ 76,549</b>	<b>\$ 79,935</b>	<b>\$ 20,518</b>

**NOTE H – OPERATING LEASE**

The Association is committed to a lease agreement for the administration office building for a ten year period ending February 28, 2016. Total lease expenditures for the main office building and various equipment leases in the governmental fund totaled \$114,549 for the fiscal year ending June 30, 2013. The future annual lease commitments for the main office building lease are as follows:

Fiscal year 2013/14	\$ 99,390
Fiscal year 2014/15	\$ 102,325
Fiscal year 2015/16	\$ 69,549

Butte Regional Transit is committed to a lease agreement, which is cancelable with six months' notice, for the use and maintenance of the Chico Transit Center Building and grounds. Future minimum lease commitments are \$16,260 annually for years ending June 30, 2001 through June 30, 2019 and are subject to possible rate increases based on city negotiated contractual service agreements with City personnel. Lease expenditures were \$16,020 for the year ended June 30, 2013.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE I – UNEARNED REVENUE**

Unearned revenue activity as of June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Received</u>	<u>Expended</u>	<u>Ending Balance</u>
Unearned Revenue				
Planning and Administration				
PTMISEA	\$ 1,025,573	\$ 4,548,390	\$ 926,033	\$ 4,647,930
Butte Regional Transit				
Capital reserve	2,866,773	269,252	28,327	3,107,898
Operations	382,388	808,162	382,388	808,162
PTMISEA	119,138	-	52,306	66,832
CalOES	384,095	-	20,139	363,956
	<u>\$ 4,777,967</u>	<u>\$ 5,625,804</u>	<u>\$ 1,409,193</u>	<u>\$ 8,994,778</u>

The largest portion of the BRT unearned revenue balance, \$3,107,898, consists of Local Transportation Fund contributions designated by the County and cities for the purchase of transit capital assets. These funds will be recognized as earned revenues at the time they are utilized for eligible capital purchases. Unearned operations revenue of \$808,162 represents contributions by local agencies for transit operations in excess of actual net expenses in fiscal year 2012/13 which may be used to reduce the required operating contributions for fiscal year 2013/14. Proposition 1B grant funds include \$66,832 of PTMISEA grant funding for AVL-GPS systems, \$363,956 of grant funding from California Office of Emergency Services for security systems, and \$4,647,930 of PTMISEA grant funding for design and construction of the transit operations and maintenance facility. See Note O for further information on PTMISEA grants.

**NOTE J – INTERFUND ACTIVITY**

During the fiscal year, the Local Transportation Fund transferred \$450,000 to the Planning and Administrative Fund representing allocation of Local Transportation Funds.

**NOTE K – RISK MANAGEMENT**

The Association 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 Association reports all of its non-transit related risk management activities in its Planning and Administration Special Revenue Fund. The Association purchases commercial insurance through an insurance agent, who obtains the appropriate insurance coverage needed by the Association from insurance companies. The contractor providing transit operations services for BCAG is required to maintain insurance coverage related to all transit operations provided. Required minimum levels of coverage are included in the contractual agreement.

The Association obtains insurance coverage relating to workers' compensation claims for Association employees through the State Compensation Insurance Fund. The Association makes quarterly payments based on a percentage of payroll. There is no deductible paid by the Association regarding workers' compensation.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE K – RISK MANAGEMENT (Continued)**

The Association's maximum coverage follows:

	Limits of Insurance
<u>Held by Butte County Association of Governments:</u>	
COMMERCIAL GENERAL LIABILITY COVERAGES (all locations)	
General Aggregate Limit	\$ 2,000,000
Personal and Advertising Injury Limit	1,000,000
Each Occurrence Limit	1,000,000
PERSONAL PROPERTY COVERAGES	
<u>Location #1: BCAG 2580 Sierra Sunrise Terrace, Chico, CA</u>	
Business Personal Property	\$ 185,300
<u>Location #2: Transit Center, corner of 2nd &amp; Salem, Chico, CA</u>	
Business Personal Property	\$ 26,100
<u>Location #3: Oroville Transit Center, 2465 Spencer Ave, Oroville, CA</u>	
Business Personal Property	\$ 5,200
Two Restrooms - Coverage Limit Each	\$ 111,800
DIRECTORS AND OFFICERS	\$ 500,000
EMPLOYERS PRACTICE LIABILITY	\$ 500,000
<u>Held by Butte Regional Transit Contractor:</u>	
Commercial General Liability	\$ 5,000,000
Business Automobile Insurance	10,000,000
Umbrella Liability	10,000,000
Workers' Compensation and Employers Liability	1,000,000

**NOTE L – EMPLOYEES RETIREMENT PLAN**

PERS funding progress information for the Association has been consolidated by PERS with other entities with less than 100 employees. Therefore, this information is not available solely for the Association's funding progress and thus has not been presented in these financial statements.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE L – EMPLOYEES RETIREMENT PLAN (Continued)**

Plan Description

Effective August 31, 2002, the Association entered into a contract agreement with the California Public Employees Retirement System (CALPERS), a cost-sharing multiple-employer public employee defined benefit pension plan. CALPERS provides retirement and disability benefits, annual cost-of-living adjustment, and death benefits to plan members and beneficiaries. CALPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by contract with CALPERS in accordance with the provisions of the Public Employees Retirement Law. Copies of PERS' annual financial report may be obtained from their executive office: Lincoln Plaza North, 400 Q Street, Sacramento, CA 95814.

Funding Policy

The contribution requirements of plan members and the Association are established and may be amended by CALPERS. The Association is required to contribute at an actuarially determined rate; the current rate is 11.929% of annual covered payroll. Participants are required to contribute 7% of their covered salary. As of fiscal year 2011/12, the Association makes the full amount of the contributions required of its employees on their behalf.

Annual Pension Cost

For fiscal years 2012/13, 2011/12, and 2010/11, the Association's annual pension cost was \$98,274, \$105,322, and \$96,645, respectively. Additionally, the Association made contributions on behalf of its employees totaling \$31,775, \$30,370 and \$7,671 for those years, respectively. The 2012/13 required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of services from 3.55% to 14.45%, (c) overall payroll growth of 3.25% and (d) inflation component of 3.0%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period (smoothed market value). The CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period is 18 years as of the valuation date.

<u>YEAR ENDED</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
6/30/13	\$ 98,274	100%	0
6/30/12	\$ 105,322	100%	0
6/30/11	\$ 96,645	100%	0

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE M – OTHER POST EMPLOYEE BENEFITS**

Effective September 1, 2006, the Association established a post-employment Healthcare Benefits Plan (the Plan) which is contracted with the California Public Employees Retirement System (CalPERS). The plan is a single-employer defined benefit plan.

Plan Description and Funding Policy

Employees who retire under the provisions of the Associations Retirement Contract with CalPERS may continue to cover themselves and their dependents under the health plan. Medical coverage is provided through CalPERS under the Public Employee’s Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health. Employees become eligible to retire upon attainment of age 50 and 5 years of service. The retired employee is responsible for the total premium less the minimum statutory amount under PEMHCA contributed by the Association, which is \$108/month for 2011, \$112/month for 2012, and \$115/month for 2013. Additionally, employees with 10 years of continuous service are entitled to twelve months of paid health plan coverage at the same rate immediately following retirement as the current employee contribution.

As of June 30, 2013, the Association has 9 active full-time employees who are eligible for post retirement health benefits and no retirees who receive post retirement health benefits.

The contribution requirements are established, and may be amended by, the Association. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually. For the year ended June 30, 2013, the Association contributed no amount to the plan.

Annual OPEB Costs and Net OPEB Obligation

The Association’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, and amount actuarially determined in accordance with the GASB Statement No. 45. 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 accrued liabilities (UAL) and funding costs over a period of 30 years. The following table shows the components of the Association’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Associations net OPEB obligation to the Plan for the years ended June 30, 2013 and June 30, 2012:

	Fiscal Year Ended	
	June 30, 2013	June 30, 2012
Annual Required Contribution	\$ 14,986	\$ 8,239
Interest on Net OPEB Obligation	974	818
Adjustment to Annual Required Contributions	<u>(1,408)</u>	<u>(1,064)</u>
Annual OPEB Cost for the year (ARC)	14,552	7,993
Contributions made for the year	<u>-</u>	<u>-</u>
Increase in Net OPEB obligation	14,552	7,993
Net OPEB obligation, beginning	24,347	16,354
Net OPEB obligation, ending	<u><u>\$ 38,899</u></u>	<u><u>\$ 24,347</u></u>

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE M – OTHER POST EMPLOYEE BENEFITS (Continued)**

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2013, 2012 and 2011 are as follows:

Fiscal Year End	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost	Net OPEB Obligation
6/30/2013	\$ 14,552	\$ -	0.00%	\$ 38,899
6/30/2012	\$ 7,993	\$ -	0.00%	\$ 24,347
6/30/2011	\$ 8,115	\$ -	0.00%	\$ 16,354

Funded Status Information

The Associations funding status information is illustrated as follows:

Actuarial Valuation Date	July 1, 2012
Accrued Liability (AL)	\$ 90,617
Value of Plan Assets	-
Percentage of Plan Assets to UL	0%
Unfunded Accrued Liability	<u>\$ 90,617</u>
Covered Payroll	\$ 1,351,795
Percentage UAL to Payroll	6.70%

Actuarial Methods and Assumptions

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the ARC are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits and costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

The Plan's most recent actuarial valuation was performed as of July 1, 2012. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 4% per annum discount rate, a 4% per annum return on assets. The medical/prescription drug trend rate was 8% graded down by 1% per year to an ultimate of 5% for fiscal years beginning 2015 and thereafter. The dental trend rate was 4% per year for all future years. The medical CPI increase, used to project the statutory PEMHCA minimum benefit, was 4% per year for all future years. These assumptions reflect an implicit 3 percent general inflation assumption. The Association's Unfunded Actuarial Accrued Liability is being amortized as a level dollar amount on an open basis over 30 years. The remaining amortization period as of June 30, 2013 was 30 years.



**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE N – COMPLIANCE REQUIREMENTS OF LOCAL TRANSPORTATION FUNDS**

The Transportation Development Act (TDA) is defined at Chapter 4 of the California Public Utilities Code commencing with Section 99200. The Butte Regional Transit Fund is subject to TDA provisions requiring the calculation and adherence of fare and local support ratios for TDA transit funding. Accordingly, the Butte Regional Transit Rural Fixed Route and Para-transit operations must maintain minimum fare ratios of 10%, while the Urban Fixed Route operation must maintain a minimum fare ratio of 20%. The Butte Regional Transit fare ratios, of operating revenues to operating expenses, as calculated below, indicates that all routes were in compliance with the provisions of the TDA for the fiscal year ended June 30, 2013.

	June 30, 2013			
	Rural Fixed Route	Urban Fixed Route	Rural Para-transit	Urban Para-transit
Fare revenues	<u>\$ 543,192</u>	<u>\$ 757,424</u>	<u>\$ 164,366</u>	<u>\$ 163,982</u>
Operating expenses	\$ 2,629,110	\$ 4,007,674	\$ 1,742,228	\$ 1,556,232
Less: Depreciation Expense	<u>(477,920)</u>	<u>(694,511)</u>	<u>(250,777)</u>	<u>(73,153)</u>
Net operating expenses	<u>\$ 2,151,190</u>	<u>\$ 3,313,163</u>	<u>\$ 1,491,451</u>	<u>\$ 1,483,079</u>
Fare Ratio	25.25%	22.86%	11.02%	11.06%

**NOTE O – PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA) GRANT VERIFICATION OF EXPENDITURES**

In November 2006, California Voters passed a bond measure Proposition 1B, enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion of state general obligation bonds authorized, \$3.6 billion was allocated to PTMISEA to be available to transit operators over a ten-year period. These funds may be used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock (busses and rail cars) procurement, rehabilitation or replacement.

At June 30, 2013, the Association had two projects funded with PTMISEA funds. Grant funds are considered unearned revenue until expenditures are incurred, while accumulated interest is considered restricted fund balance.

The PTMISEA allocation for state fiscal year 2007/08 and 2008/09 in the amount of \$337,035 was received in fiscal year 2009/10 and is for the purchase of ITS equipment. During fiscal year 2012/13, qualifying expenditures of \$52,306 were spent on AVL-GPS system. Interest income earned on PTMISEA funds for the year ending June 30, 2013 was \$1,109. The remaining balance of this grant is \$66,832, with accumulated interest of \$7,319.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE O – PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA) GRANT VERIFICATION OF EXPENDITURES (Continued)**

The PTMISEA allocation for state fiscal year 2008/09 and 2009/10 in the amount of \$1,717,305 was received in fiscal year 2011/12 and is for the design and construction of a transit operations and maintenance facility. During fiscal year 2012/13, qualifying expenditures of \$926,033 were spent on the design of the facility. Interest earned on this project at June 30, 2013 was \$11,821. The remaining balance of this grant is \$ 99,540, with accumulated interest of \$22,222.

The PTMISEA allocation for state fiscal year 2010/11 in the amount of \$4,548,390 was received on June 28 of fiscal year 2012/13 and is also for the design and construction of a transit operations and maintenance facility. During fiscal year 2012/13, qualifying expenditures of \$-0- were spent on the design of the facility. Interest accumulated on this project at June 30, 2013 was \$-0-.

**NOTE P – CONTINGENT LIABILITIES**

The Association receives a significant portion of its revenues from the state of California. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies and the state controller’s office. Any disallowed claims, including amounts already collected, may constitute a liability of the Association. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Association expects such amounts, if any, would be immaterial.

**NOTE Q – COMMITMENTS**

The Association has significant construction commitments relating to Phase II and III of the Forest Highway 171 project. At June 30, 2013 the commitments for Phase II and III, respectively, were \$1,910,810 and \$592,904. These amounts are the maximum possible commitment as they include contingencies of \$759,212 which may or may not be needed as construction continues. These commitments including contingencies are completely secured by Program Supplement agreements with Caltrans Local Assistance.

On June 28, 2012, the Association entered into a five-year agreement with Veolia Transportation Incorporated to provide transit services. This agreement, upon approval from the Association, may be extended for up to two additional years at a future negotiated price. The maximum amounts payable to Veolia Transportation for the period July 1, 2012 through June 30, 2017 are as follows:

Fiscal year 2012/13	\$6,267,659
Fiscal year 2013/14	\$6,602,746
Fiscal year 2014/15	\$6,882,206
Fiscal year 2015/16	\$7,075,641
Fiscal year 2016/17	\$7,293,053

## SUPPLEMENTARY INFORMATION

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE BY ACTIVITY - BUDGET AND ACTUAL  
PLANNING AND ADMINISTRATION SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Work Element Number	Budgeted Amounts		Actual Funding Sources											Variance with Final Budget				
	Original	Final	FHWA-PL Grants	FTA 5303 Grant	FTA 5304 Grant	State Prop 84	LTF Fund, Interest/Other	State Prop 1B	State PPM	State RIP	Federal RIP	Federal SAFETEA-LU	FTA 5307 Grant		Federal CMAQ	Central Federal Lands Hwy Div	Federal Section 6	Totals
<b>Revenues:</b>																		
Sales and use taxes	693,466	709,788																
Federal	9,453,521	9,521,064																
State	1,918,988	1,929,202			34,388	68,058		926,033	148,000	2,424	18,710		29,275	69,991	59,317	527,053	8,009,868	(1,511,989)
Interest and other	308,000	309,000																45,816
<b>Total revenues</b>	<b>12,383,955</b>	<b>12,468,034</b>	<b>763,276</b>	<b>52,575</b>	<b>34,388</b>	<b>68,058</b>	<b>803,816</b>	<b>926,033</b>	<b>148,000</b>	<b>2,424</b>	<b>18,710</b>	<b>6,455,271</b>	<b>29,275</b>	<b>69,991</b>	<b>59,317</b>	<b>527,053</b>	<b>9,958,197</b>	<b>(2,509,837)</b>
<b>Expenditures:</b>																		
Administration and intergovernmental coordination	222,762	188,875	133,605				17,210											150,915
Service to BCAG Board and TAC	158,869	129,501	83,592				10,830											94,422
Regional transportation model	48,867	48,967	43,350				8,612											51,962
Regional GIS	120,888	112,981	85,484				12,371											107,855
Transportation air quality planning	7,242	7,242	5,892				764											6,656
Federal Trans. Improvement Program (FITP)	47,163	47,163	24,253	13,739			4,922											42,914
RTP sustainable community strategic development	188,553	227,787	114,542				14,940											200,159
Transit and Non Motorized System Plan	184,445	184,445	10,257				4,144											13,417
GIS	14,465	14,465	10,257				1,729											11,066
ITS	19,981	19,981	9,644				13,284											10,987
HCP/NCCP Plan	1,289,018	1,289,018	178,010				3,256		101,271							527,053		944,218
Regional Housing Needs Plan	28,988	28,988	25,127															28,383
SR 99 Chico Auxiliary	174,918	174,918												69,991				69,991
FH 171 Surfing Project	4,949,752	4,949,752									6,236,688							10,4327
SR 148 Creation of fresh water marsh	12,457	12,457					724			5,587								6,311
SR 148 Creation of vernal pool habitat	12,458	12,458					559			4,319								6,146
SR 70 Ophir Rd Mitigation Project	10,000	10,000							1,141	8,804								4,878
Butte Regional Trans Ops/Maint	3,425,414	3,425,414						926,033										9,945
SR 70 FSR/PDS Plan	683,879	683,879									219,583							926,033
TDA administration	48,972	48,972																44,918
Public transit planning	17,138	219,579	38,836				44,918											4,054
Butte Transit Authority	37,840	37,840					17,352						29,275					124,329
ADA Certification	50,964	50,964			14,410		3,610											38,140
ADA Certification	50,964	50,964					36,181											36,181
Sacramento Feasibility Study	71,041	71,041			19,988				6,662									26,650
Bus Stop ADA Review		25,000	9,384				1,216											10,600
Indirect Costs net of applied cost rate	107,600	107,600					295,468											14,400
<b>Total expenditures</b>	<b>12,383,955</b>	<b>12,468,034</b>	<b>763,276</b>	<b>52,575</b>	<b>34,388</b>	<b>68,058</b>	<b>959,309</b>	<b>926,033</b>	<b>119,924</b>	<b>2,424</b>	<b>18,710</b>	<b>6,455,271</b>	<b>29,275</b>	<b>69,991</b>	<b>59,317</b>	<b>527,053</b>	<b>10,885,614</b>	<b>2,382,420</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>																		
Fund balance - beginning																		
Fund balance - ending																		

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
SCHEDULE OF DIRECT AND INDIRECT COSTS  
PLANNING AND ADMINISTRATION SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Direct Costs	Allowable Indirect Costs	Unallowable Indirect Costs	Total
Salaries	\$ 574,041	\$ 303,437	\$ 3,058	\$ 880,536
Benefits	296,380	176,100	1,084	473,564
Total salaries and benefits	<u>870,421</u>	<u>479,537</u>	<u>4,142</u>	<u>1,354,100</u>
Direct services and supplies	<u>8,305,818</u>	<u>-</u>	<u>-</u>	<u>8,305,818</u>
<b>INDIRECT COSTS:</b>				
Communications	-	10,252	-	10,252
Household	-	9,610	-	9,610
Insurance	-	20,514	-	20,514
Maintenance - equipment	-	20,173	-	20,173
Memberships	-	1,738	2,331	4,069
Office expense	-	15,189	-	15,189
Professional services	-	78,357	97,966	176,323
Public notices	-	6,299	-	6,299
Equipment lease	-	22,297	-	22,297
Rent	-	92,252	-	92,252
Special expense	-	3,745	-	3,745
Travel	-	8,117	4,587	12,704
Training	-	3,029	-	3,029
Utilities	-	5,777	-	5,777
Small equipment	-	6,565	-	6,565
Fixed assets-depreciation	-	4,291	-	4,291
Total indirect costs	<u>-</u>	<u>308,205</u>	<u>104,884</u>	<u>413,089</u>
Total costs	<u>\$ 9,176,239</u>	<u>787,742</u>	<u>\$ 109,026</u>	<u>\$ 10,073,007</u>
Under-absorbed indirect costs		<u>(173,834)</u>		
Total allocated indirect costs		<u>\$ 613,908</u>		
<b>Reconciliation of expenditures to the Planning and Administration Fund:</b>				
Total direct and indirect costs		\$ 10,073,007		
Depreciation		(4,291)		
Fixed asset purchase		<u>16,898</u>		
Total Planning and Administration Fund expenditures		<u>\$ 10,085,614</u>		

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
SCHEDULE OF ALLOCATIONS AND EXPENDITURES  
LOCAL TRANSPORTATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Allocated Balance June 30, 2012	Net Amount Allocated	Net Amount Expended	Allocated Balance June 30, 2013
<u>Allocations</u>				
Biggs				
99402	\$ -	\$ 46,988	\$ 46,988	\$ -
Total	-	46,988	46,988	-
Chico				
99260(a)	-	1,744,047	1,744,047	-
99400(a)	-	195,223	195,223	-
99400(b)	-	58,100	58,100	-
99400(e)	39,648	-	-	39,648
99402	-	331,720	331,720	-
Total	39,648	2,329,090	2,329,090	39,648
Gridley				
99260(a)	-	135,997	135,997	-
99400(e)	29,559	-	-	29,559
99402	-	39,044	39,044	-
Total	29,559	175,041	175,041	29,559
Oroville				
99400(c)	-	414,258	414,258	-
99402	-	-	-	-
Total	-	414,258	414,258	-
Paradise				
99400(c)	-	695,986	695,986	-
99402	-	-	-	-
Total	-	695,986	695,986	-
Butte County				
99233.1	-	24,802	24,802	-
99260(a)	-	1,012,934	1,012,934	-
99400(b)	-	1,700	1,700	-
99400(c)	-	3,000	3,000	-
99402	-	1,191,081	1,191,081	-
Total	-	2,233,517	2,233,517	-
Butte County Association of Governments				
99233.1	-	450,000	450,000	-
Total	\$ 69,207	\$ 6,344,880	\$ 6,344,880	\$ 69,207

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
SCHEDULE OF ALLOCATIONS AND EXPENDITURES  
STATE TRANSIT ASSISTANCE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Allocated Balance June 30, 2012	Net Amount Allocated	Net Amount Expended	Allocated Balance June 30, 2013
<u>Allocations</u>				
Biggs				
6731(b)	\$ -	\$ 8,120	\$ 8,120	\$ -
Total	-	8,120	8,120	-
Chico				
6730(a)	-	514,071	514,071	-
Total	-	514,071	514,071	-
Gridley				
6731(b)	-	23,565	23,565	-
6730(a)	-	15,070	15,070	-
Total	-	38,635	38,635	-
Oroville				
6731(b)	-	91,434	91,434	-
Total	-	91,434	91,434	-
Paradise				
6731(b)	-	153,616	153,616	-
Total	-	153,616	153,616	-
Butte County				
6730(a)	-	494,124	494,124	-
Total	-	494,124	494,124	-
Total	\$ -	\$ 1,300,000	\$ 1,300,000	\$ -

## COMPLIANCE REPORTS



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*, THE TRANSPORTATION DEVELOPMENT ACT AND THE PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA) GUIDELINES

To the Board of Directors  
Butte County Association of Governments  
Chico, California

We have audited, 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, the financial statements of the Butte County Association of Governments (the Association), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued our report thereon dated January 15, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 over financial reporting 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.

To the Board of Directors  
Butte County Association of Governments

### **Compliance and Other Matters (including PTMISEA)**

As part of obtaining reasonable assurance about whether the Association'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. Our audit was further made to determine that Transportation Development Act (TDA) Funds allocated and received by the Association were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6661, 6662 and 6667 of the California Code of Regulations. We also tested the receipt and appropriate expenditures of bond funds, as presented in Notes O to the financial statements, in accordance with the PTMISEA statutes and guidelines. 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*, the TDA or the PTMISEA.

### **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*, the TDA and PTMISEA in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Richardson & Company*

January 15, 2014

# Richardson & Company

550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors  
Butte County Association of Governments  
Chico, California

### **Report on Compliance for Each Major Federal Program**

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

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

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

### **Report on Internal Control Over Compliance**

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

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

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

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the Association as of and for the year ended June 30, 2013, and have issued our report thereon dated January 15, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

To the Board of Directors  
Butte County Association of Governments

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

*Richardson & Company*

January 15, 2014

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

**A. SUMMARY OF AUDITOR’S RESULTS**

Financial Statements

- |  |             |
|--|-------------|
| 1. Type of auditor’s report issued:  | Unqualified |
| 2. Internal controls over financial reporting:                                   |             |
| a. Material weaknesses identified  | No          |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted  |
| 3. Noncompliance material to financial statements noted?                         | No          |

Federal Awards

- |   |             |
|---|-------------|
| 1. Internal control over major programs:  |             |
| a. Material weaknesses identified?  | No          |
| b. Significant deficiencies identified not considered to be material weaknesses?  | None noted  |
| 2. Type of auditor’s report issued on compliance for major programs:  | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | No          |

4. Identification of major programs:

CFDA Number

20.205

Name of Federal Program

Department of Transportation, Highway Planning and Construction (Federal-aid Highway Program)

- |   |            |
|---|------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs?       | \$ 321,266 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes        |

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**D. PRIOR YEAR FINDINGS**

None

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	State Agency Number	BCAG Project Number	Grants Receivable June 30, 2012	Cash Received - Prior Year Grants	Cash Received - Current Year Grants	Expenditures	Grants Receivable June 30, 2013
<b>MAJOR FEDERAL AWARDS:</b>								
<u>Department of Transportation</u>								
Passed through the State of California, Department of Transportation				\$ 17,427	\$ -	\$ -	\$ -	\$ -
Federal Regional Improvement Program	20.205	RPSTPL 6092(015)	12201 SR99-GR	-	4,761	-	5,587	826
Federal Regional Improvement Program	20.205	03-0282	13205 SR149 FWM	-	3,493	-	4,319	826
Federal Regional Improvement Program	20.205	03-0281	13206 SR149 VP	-	6,268	-	8,804	2,536
Federal Regional Improvement Program	20.205	03-0327	13208 OPHIR RD	3,276	3,276	-	3,308,345	15,906
SAFE TEA-LU	20.205	RPSTPL 6092(018)	13203 FHWW 171	354,877	354,877	-	2,927,343	993,247
SAFE TEA-LU	20.205	RPSTPL 6092(056)	13203 FHWW 171	-	1,934,096	-	219,583	96,768
SAFE TEA-LU	20.205	HP21LN 6092(057)	13214 SR 70 PSR/ PDS	-	122,815	-	69,991	23,135
Congestion Management Air Quality Highway Planning and Construction	20.205	RPSTPL 6092(014)	13200 SR99 AUX-CH FHWA PL	211,419	713,421	-	763,276	49,855
	20.205	DOT MFTA 74A0109		629,490	6,124,149	-	7,307,248	1,183,099
Subtotal indirect 20.205								
Direct Award from Department of Transportation Central Federal Lands Highway Division - FHWA	20.205	-	13203 HWY 171	54,850	55,095	-	59,317	4,222
				684,340	6,179,244	-	7,386,565	1,187,321
<b>TOTAL MAJOR FEDERAL AWARDS</b>								
<b>NON-MAJOR FEDERAL AWARDS</b>								
<u>Department of the Interior</u>								
Passed through the State of California, Department of Fish & Game Agreement				2,090	-	-	-	-
Co-op Endangered Species Conserv Fund	15.615	P1182009	12114 Grant 3- revised	50,403	329,891	-	527,053	197,162
Co-op Endangered Species Conserv Fund	15.615	P0982006	13114 Grant 4	-	-	-	-	-
				52,493	329,891	-	527,053	197,162
Subtotal 15.615								
Passed through the State of California, Department of Transportation				-	-	-	-	-
Federal Transit - Metropolitan Planning Grants	20.505	DOT MFTA 74A0109	FTA 5303	-	43,860	-	52,575	8,715
Formula Grants for Other Than Urbanized Areas Nonurbanized Area Formula Program	20.509	SA 643103	FTA 5311 BRT	468,214	-	-	800,517	800,517
Transit Planning Student Internships	20.515	DOT MFTA 74A0109	FTA 5304- IT Intern	2,707	13,423	-	14,410	987
State Planning and Research	20.515	DOT MFTA 74A0109	FTA 5304 - Sac Feasability	-	14,022	-	19,988	5,966
State Planning and Research	20.515	DOT MFTA 74A0109	FTA 5304- Travel Demand	30,801	-	-	-	-
Subtotal 20.515				33,508	27,445	-	34,398	6,953
Direct Award from Department of Transportation Federal Transit Administration- Formula Grants Urbanized Area Formula Program	20.507	-	FTA 5307 BRT	1,635,122	-	-	1,898,500	1,898,500
Urbanized Area Formula Program	20.507	-	FTA 5307 OTC	11,742	-	-	-	-
Urbanized Area Formula Program	20.507	-	FTA 5307 Help Central	12,715	-	-	29,275	5,491
Subtotal 20.507				1,659,579	-	-	1,927,775	1,903,991
				2,213,794	401,196	-	3,342,318	2,917,338
<b>TOTAL NON-MAJOR FEDERAL AWARDS</b>								
				\$ 2,898,134	\$ 2,898,134	\$ 6,580,440	\$ 10,708,883	\$ 4,104,659
<b>TOTAL FEDERAL AWARDS</b>								

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Butte County Association of Governments and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Auditing of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.