

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

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CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
(A Component Unit of Curry County, Oregon)
CURRY COUNTY, OREGON

BOARD OF COMMISSIONERS

TERM EXPIRES

Susan Brown, Chair

December 31, 2016

David Itzen, Vice Chair

December 31, 2014

David Brock Smith, Commissioner

December 31, 2016

All directors receive their mail at the address listed below

Registered Agent

Jerry Herbage, Curry County Counsel

Curry County
94235 Moore Street, Suite 122
Gold Beach, OR 97444

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

Board of Commissioners
Curry County Public Transit District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison of the Curry County Public Transit District (the District), a component unit of Curry County, Oregon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

MOSS ADAMS LLP***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of governmental activities and the major fund of the District as of as of June 30, 2014, and respective changes in financial position and budgetary comparison statement for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 10 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.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 26, 2015 on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



James C. Lanzarotta, Partner
for Moss Adams LLP
Eugene, Oregon
January 26, 2015

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

We offer readers of the Curry County Public Transit Service District's ("District") financial statements the following narrative and analysis of the District's financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the financial statements, which begin on page 7.

Financial Highlights

- The District's assets exceeded its liabilities at the close of the fiscal year by \$95,118 (*net position*). Of this amount \$87,708 is the net investment in capital assets and \$7,410 (*unrestricted net position*) may be used to meet the District's ongoing obligations.
- The District's total net position decreased by \$56,768.
- At the close of the year, the District reported an ending fund balance of \$7,410. The ending fund balance is available for spending at the District's discretion (*committed fund balance*).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Under the reporting model the basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's annual financial statements in a manner similar to private-sector business reporting.

The *statement of net position* a component of the government-wide financial statements, presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets.

The *statement of activities* presents revenue and expense information showing how the District's net *position* changed during the fiscal year. All changes in net *position* are reported on the accrual basis, as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that may result in cash flow in future fiscal periods.

The governmental activities of the District include a single function of providing funding for transit operations.

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts (revenues, expenses, assets and liabilities) that is used to control resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one governmental fund, the General Fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements*. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at fiscal year-end. Such information may be useful in evaluating a government'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. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues expenditures, and changes in fund balance for the general fund.

The District adopts an annual appropriation budget for the General Fund. A budgetary comparison statement has been provided (page 11) to demonstrate budgetary compliance.

Notes to the 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 financial statements can be found on pages 13 to 16.

Government-wide Financial Analysis

The District's assets are comprised of cash, accounts receivable and capital assets. These assets represent 16.7%, 38.2% and 45.1% of total assets, respectively.

	<u>2013-2014</u>	<u>2012-2013</u>	<u>2011-2012</u>
Assets			
Current Assets	\$ 106,829	\$ 119,507	\$ 92,754
Capital assets (net)	87,708	141,421	135,081
Total Assets	<u>194,537</u>	<u>260,928</u>	<u>227,835</u>
Liabilities			
Current Liabilities	<u>99,419</u>	<u>109,042</u>	<u>87,302</u>
Total Liabilities	<u>99,419</u>	<u>109,042</u>	<u>87,302</u>
Net Assets			
Net Investment in Capital Assets	87,708	141,421	135,081
Unrestricted	<u>7,410</u>	<u>10,465</u>	<u>5,452</u>
Total net position	<u>\$ 95,118</u>	<u>\$ 151,886</u>	<u>\$ 140,533</u>

The District's net capital assets decreased by \$53,713, or 38%, which is attributable to the current year's depreciation on capital assets. Of the District's *Net Investment in Capital Assets*, \$85,852 is restricted for use conforming to ODOT Public Transit Grants. Committed net position may be used to meet the district's ongoing obligations to citizens and creditors.

	<u>2013-2014</u>	<u>2012-2013</u>	<u>2011-2012</u>
Revenues			
General Revenues			
Operating Grants	\$ 392,383	\$ 468,530	\$ 398,733
Gain on Sale of Assets	-	5,590	1,825
Total Revenues	<u>392,383</u>	<u>474,120</u>	<u>400,558</u>
Expenses			
Public Transportation	<u>449,151</u>	<u>462,767</u>	<u>466,103</u>
Total Expenses	<u>449,151</u>	<u>462,767</u>	<u>466,103</u>
Change in Net Position	(56,768)	11,353	(65,545)
Beginning Net Position	<u>151,886</u>	<u>140,533</u>	<u>206,078</u>
Ending Net Position	<u>\$ 95,118</u>	<u>\$ 151,886</u>	<u>\$ 140,533</u>

The District's revenues decreased by \$81,737 or 17% from the prior fiscal year. Expenses decreased by \$13,616 or 3% which is attributable to \$17,480 increased depreciation and \$31,096 decreased operating costs.

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

As of the end of the current fiscal year, the District's governmental fund reported an ending committed fund balance of \$7,410 which is available for spending at the District's discretion.

Budgetary Highlights

A \$10,000 capital budget addition was necessary during the fiscal year to modify the \$418,648 original revenue and expenditure appropriation budget to allow a possible used bus purchase.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of depreciation, amounts to \$87,708. The investment in capital assets consists of transit vehicles. Depreciation expense amounted to \$53,713 for the current fiscal year and no capital addition.

Long-term Debt

There is no long-term debt.

Economic Factors and Next Year's Budget

Curry County unemployment ranged from 11.3% to 10.0% in 2013, and 2014 unemployment continued at 10.8% to 10.2%. Oregon statewide unemployment rate is generally 3 percent lower than Curry County. National unemployment is also 3.5 percent lower than Curry County.

Portland Oregon CPI showed a 2.5% annual increase for the 12 months ending June 2014.

The Public Transit District is very dependent on state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives.

ODOT Public Transit Division engaged RLS & Associates to perform a site review in June 2013. The on-site review included interviews with all persons involved with public transit contracting and operations. The Compliance Review of Curry Public Transit, Inc. Final Report was issued December 26, 2013. The Final Report included reference to 14 findings, all of which were corrected in October 2013 prior to the Final Report being issued in December 2013.

No finding involved safety, transit services or program management.

Management believes that the total amount of liability, if any, which may arise from claims and lawsuits pending against the District beyond insurance coverage would not have a material effect on the financial statements.

These factors were considered in preparing the Curry County Public Transit District budget for the fiscal year 2014-2015.

Requests for Information

This financial report is designed to provide citizens, customers, investors, creditors and others with an interest in the District, a general overview of the District's finances and to demonstrate accountability for the funds it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to:

Curry County Clerk
94235 Moore Street, Suite 212
Gold Beach, OR 97444



(Signed)

County Accountant

(Title)

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2014

ASSETS:

Cash and Cash Equivalents	\$ 32,541
Accounts Receivable	74,288
Capital Assets, Net of Depreciation	<u>87,708</u>
Total Assets	<u>194,537</u>

LIABILITIES:

Accounts Payable	<u>99,419</u>
Total Liabilities	<u>99,419</u>

NET POSITION:

Net Investment in Capital Assets	87,708
Unrestricted	<u>7,410</u>
Total Net Position	<u><u>\$ 95,118</u></u>

See accompanying notes to the basic financial statements.

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

FUNCTIONS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Public Transportation	\$ 449,151	\$ -	\$ 392,383	\$ (56,768)
Total Governmental Activities	\$ 449,151	\$ -	\$ 392,383	(56,768)
			Gain/(Loss) on Sale of Capital Assets	-
			Total General Revenues	-
			Changes in Net Position	(56,768)
			Net Position - Beginning	151,886
			Net Position - Ending	\$ 95,118

See accompanying notes to the basic financial statements.

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2014

	GENERAL FUND
ASSETS:	
Cash and Cash Equivalents	\$ 32,541
Accounts Receivable	<u>74,288</u>
Total Assets	<u><u>\$ 106,829</u></u>
LIABILITIES AND FUND BALANCE:	
Liabilities:	
Accounts Payable	<u>\$ 99,419</u>
Total Liabilities	<u>99,419</u>
Fund Balances:	
Committed	<u>7,410</u>
Total Liabilities and Fund Balance	<u><u>\$ 106,829</u></u>

See accompanying notes to the basic financial statements.

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2014

Total Fund Balances - Governmental Fund	\$ 7,410
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The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in the governmental fund. The statement of Net Assets includes those capital assets among the assets of the District as a whole.

Capital Assets	\$ 564,848	
Accumulated Depreciation	<u>(477,140)</u>	
Net Capital Assets		<u>87,708</u>

Net Position	<u><u>\$ 95,118</u></u>
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See accompanying notes to the basic financial statements.

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 PUBLIC TRANSIT FUND
 - ACTUAL AND BUDGET -
 For the Year Ended June 30, 2014

	PUBLIC TRANSIT FUND			VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Grants and Contracts	\$ 415,000	\$ 418,000	\$ 392,383	\$ (25,617)
Total Revenues	<u>415,000</u>	<u>418,000</u>	<u>392,383</u>	<u>(25,617)</u>
EXPENDITURES:				
Materials and Services	418,648	418,648 (1)	395,438	23,210
Capital Outlay	<u>-</u>	<u>10,000 (1)</u>	<u>-</u>	<u>10,000</u>
Total Expenditures	<u>418,648</u>	<u>428,648</u>	<u>395,438</u>	<u>33,210</u>
Excess of Revenues Over (Under) Expenditures	(3,648)	(10,648)	(3,055)	7,593
OTHER FINANCING SOURCES (USES)				
Sale of Vehicle	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>(7,000)</u>
Net Change in Fund Balance	(3,648)	(3,648)	(3,055)	593
Beginning Fund Balance	<u>3,648</u>	<u>3,648</u>	<u>10,465</u>	<u>6,817</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,410</u>	<u>\$ 7,410</u>

(1) Appropriation Level

See accompanying notes to the basic financial statements.

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

Total Net Changes in Fund Balances - Governmental Funds	\$	(3,055)
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Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets additions exceeds depreciation.

Capital Asset Additions (reduction to expenditures)	\$	-
Depreciation Expense	<u>(53,713)</u>	<u>(53,713)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(56,768)</u></u>

See accompanying notes to the basic financial statements.

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

The Curry County Public Transit District (the District) was formed pursuant to ORS chapter 451 in 2006 for the purpose of providing regular, safe, reliable, and affordable transportation for senior citizens, persons with disabilities, and the general public of Curry County.

The financial transactions are limited to the receipting of grant revenues and payment of contracted services to a not for profit organization.

The financial statements include all activities and organizations with which the District exercises authoritative appointment of governing authority or where financial dependency on the District exists. There are no potential component units as determined under general accepted accounting principles. The District is considered a component unit of Curry County, Oregon, because the County Commissioners are the Board of Directors of the District and there is no financial benefit or burden to the County. As such the District is included in the basic financial statements of Curry County, Oregon, for the year ended June 30, 2013. The reports can be viewed at the County Clerk's office, County Courthouse, 29821 Ellensburg Ave., Gold Beach, OR 97444 or on the County website at <http://www.co.curry.or.us/Departments/Finance> .

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

The government-wide statements report information irrespective of fund activity, and the fund financial statements report information using the funds. There are only "governmental activities" and one "program" as defined in the Statement.

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND TYPES

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 when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers grant revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Interest and other revenue associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

C. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, AND NET POSITION

1. Accounts Receivable

Accounts receivable represents payments that the District made on behalf of Curry County Public Transit District, Inc., a not-for-profit entity which subcontracts projects for the District.

2. Capital Assets

Capital assets, which include transit vehicles, are reported in the applicable statement of net position column in the government wide financial statements. All assets with an expected useful life beyond a single reporting period and that meet the capitalization threshold specified for the asset classification shall be capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

<u>Category</u>	<u>Threshold</u>	<u>Useful Life</u>
Machinery & Equipment	\$7,000	3-7 years
Vehicles (all licensed)	\$10,000	3-5 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight line method over a period of 3-7 years.

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

3. Cash and Cash Equivalents

Cash is pooled with Curry County. Please refer to the County's basic financial statements, issued under separate cover, for additional information pertaining to the nature and collateralization of the County's cash and investments.

D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

4. FUND EQUITY

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution, which is the districts highest level of decision making authority.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority to classify ending fund balances as Assigned was delegated to the Liaison Commissioner, the department head or the County Accountant.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

There were no nonspendable, restricted, assigned, or unassigned fund balances at June 30, 2014.

**CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. BUDGET

A budget is prepared and legally adopted for each fund on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is adopted and appropriations are made no later than June 30th.

The expenditures budget is appropriated for materials and services and capital outlay.

Expenditures cannot legally exceed the above appropriations levels. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted. Budget amounts shown in the basic financial statements reflect the original and supplemental budget appropriations. Expenditures were within authorized appropriations for the year ended June 30, 2014.

F. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2014 are as follows:

	<u>2013</u>	<u>Additions</u>	<u>Retirement</u>	<u>2014</u>
Capital Assets, Being Depreciated:				
Vehicles	\$ 564,848	\$ -	\$ -	\$ 564,848
Less Accumulated Depreciation for:				
Vehicles	<u>423,427</u>	<u>53,713</u>	<u>-</u>	<u>477,140</u>
Total Capital Assets, Net	<u>\$ 141,421</u>	<u>\$ (53,713)</u>	<u>\$ -</u>	<u>\$ 87,708</u>

Of the District's capital assets, \$85,852 represents the depreciated cost of busses to which the Oregon Department of Transportation is a lienholder and is restricted for use conforming to ODOT Public Transit Grants.

Depreciation expense for governmental activities is charged to functions as follows:

Materials & Services Expense	<u>\$53,713</u>
Total depreciation for governmental activities	<u>\$53,713</u>

2. RISK MANAGEMENT

There is exposure 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. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. RELATED PARTY

The Curry County Public Transit District entered into a cooperative agreement with Curry Public Transit, Inc. (CPTI). Curry Public Transit, Inc. is a non-profit corporation formed on March 6, 2006 for the purpose of providing public transit services in Curry County. CPTI is responsible for maintaining a level of transit services (routes, scheduling, and charters) as prescribed by the District. CPTI is responsible for the daily operations of the transit system including staffing, maintenance of vehicles, and financial management (payment of bills, receipt of revenue, preparation of financial statements, etc.). The District provides oversight on CPTI's performance and compliance with the level of service set by the District. The Cooperative Agreement between Curry County Public Transit Service District (District), Curry County (County), and Curry Public Transit, Inc. (CPTI) describes the duties and responsibilities of the respective parties. County provides daily operational support services for the District including administrative, legal, treasury, accounting and audit support without receiving compensation from the District. The District Governing Body costs are also supported by the County. The District is allowed \$2,000 per year from the ODOT STF grant to help pay for the annual audit. ODOT considers County and District as the same entity and all transit grant funds received by the County are passed through the District to CPTI.

4. COMMITMENTS & CONTINGENCIES

There is participation in a number of state assisted grant and contract programs. These programs are subject to program compliance audits by the grantors or their representatives.

ODOT Public Transit Division engaged RLS & Associates to perform a site review in June 2013. The on-site review included interviews with all persons involved with public transit contracting and operations. The Compliance Review of Curry Public Transit, Inc. Final Report was issued December 26, 2013.

The Final Report included reference to 14 findings, all of which were corrected in October 2013 prior to the Final Report being issued in December 2013. No finding involved safety, transit services or program management.

Management believes that the total amount of liability, if any, which may arise from claims and lawsuits pending against the District beyond insurance coverage would not have a material effect on the financial statements.

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
CURRY COUNTY, OREGON

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *OREGON MINIMUM STANDARDS*.**

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON MINIMUM AUDIT STANDARDS**

Board of Commissioners
Curry County Public Transit District

We have audited the basic financial statements of the Curry County Public Transit District (the District), a component unit of Curry County, Oregon, as of and for the year ended June 30, 2014 and have issued our report thereon dated January 29, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2014 and 2015.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 test disclosed no instances of noncompliance that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State.

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Internal Control Over Financial Reporting

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

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 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.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James C. Lanzarotta, Partner
for Moss Adams LLP
Eugene, Oregon
January 29, 2015