

CITY OF BLUE LAKE

**REPORT ON AUDIT OF THE
TRANSPORTATION FUND**

For the Year Ended June 30, 2014

CITY OF BLUE LAKE

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Humboldt County Association
of Governments
611 I Street, Suite B
Eureka, CA 95501

We have audited the accompanying financial statements of the Transportation Fund of the City of Blue Lake as of and for the years ended June 30, 2014 and 2013, and the related notes to the 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.

Auditors' 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. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Fund of the City of Blue Lake as of June 30, 2014 and 2013, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Transportation Fund and do not purport to, and do not present fairly the financial position of the City of Blue Lake as of June 30, 2014 and 2013, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other

Our audit was also made for the purposes of determining compliance with the Transportation Development Act Sections 99234, 99400 (a), and 99260.7, the California Administrative Code and the rules and regulations of the Humboldt County Association of Governments. In our audit we performed to the extent applicable, the tasks contained in Sections 6666 and 6667 of the California Administrative Code.

In our opinion, the funds described above were expended in conformance with applicable laws, rules, and regulations of the Transportation Development Act and the allocation instructions of the Humboldt County Association of Governments.

Anderson, Lucas, Somerville, & Borges

October 29, 2014
Fortuna, California

CITY OF BLUE LAKE
TRANSPORTATION DEVELOPMENT ACT FUNDS

COMPARATIVE BALANCE SHEET

Pertaining to Section 99400(a) of the Public Utilities Code
Recorded in the Transportation Fund

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash	\$ 1	\$36,565
Interest receivable	10	6
TDA receivable	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 11</u>	<u>\$36,571</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 0	\$ 0
Accrued payroll	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>
Fund balance		
Restricted:		
STAF Reserve	0	210
Streets	<u>11</u>	<u>36,361</u>
Total Fund Balance	<u>11</u>	<u>36,571</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 11</u>	<u>\$36,571</u>

See accompanying notes to financial statements.

CITY OF BLUE LAKE
TRANSPORTATION DEVELOPMENT ACT FUNDS

COMPARATIVE BALANCE SHEET

Pertaining to Section 99400(c) of the Public Utilities Code
Recorded in the Transportation Fund

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash	\$(9,566)	\$ 2,422
Interest receivable	0	12
TDA receivable	12,125	0
Prepaid expense	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 2,559</u>	<u>\$ 2,434</u>
 LIABILITIES AND FUND BALANCE		
Accounts payable	\$ 2,500	\$ 2,375
Fund balance		
Restricted:		
ADHC Reserve	0	0
Transportation	<u>59</u>	<u>59</u>
Total Fund Balance	<u>59</u>	<u>59</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,559</u>	<u>\$ 2,434</u>

See accompanying notes to financial statements.

CITY OF BLUE LAKE
TRANSPORTATION DEVELOPMENT ACT FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

Pertaining to Section 99400(a) of the Public Utilities Code
Recorded in the Transportation Fund

For the Year Ended June 30, 2014

With Comparative Amounts for the Year Ended June 30, 2013

	2014		Variance	2013
	<u>Budget</u>	<u>2014 Actual</u>	Favorable (Unfavorable)	<u>Actual</u>
REVENUES				
Intergovernmental:				
Allocations TDA (Streets)	\$ 0	\$ 21,126	\$ 21,126	\$ 0
Allocations TDA (Trails)	0	0	0	0
Allocations STAF	0	0	0	0
Interest	0	77	77	54
<u>Total</u>	\$ 0	\$ 21,203	\$ 21,203	\$ 54
EXPENDITURES				
Ongoing street maintenance program	\$ 0	\$ 384	\$ (384)	\$ 0
Expense Transfers	0	57,379	(57,379)	0
Capital Outlay-Bus shelters	0	0	0	24,650
<u>Total</u>	\$ 0	\$ 57,763	\$ (57,763)	\$ 24,650
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ 0	\$ (36,560)	\$ (36,560)	\$ (24,596)
FUND BALANCE - BEGINNING OF YEAR	36,571	36,571	0	38,960
TRANSIT RESERVES TRANSFER	0	0	0	22,207
FUND BALANCE - END OF YEAR	\$ 36,571	\$ 11	\$ (36,560)	\$ 36,571

See accompanying notes to financial statements.

CITY OF BLUE LAKE
TRANSPORTATION DEVELOPMENT ACT FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

Pertaining to Section 99400(c) of the Public Utilities Code
Recorded in the Transportation Fund

For the Year Ended June 30, 2014

With Comparative Amounts for the Year Ended June 30, 2013

	2014		Variance	
	Budget	2014 Actual	Favorable (Unfavorable)	2013 Actual
REVENUES				
Intergovernmental:				
Allocations ADHC	\$ 0	\$ 0	\$ 0	\$ 0
Allocations TDA	31,875	32,125	250	31,875
Allocations STAF	0	0	0	0
Interest Income	<u>45</u>	<u>0</u>	<u>(45)</u>	<u>59</u>
<u>Total</u>	<u>\$31,920</u>	<u>\$32,125</u>	<u>\$ 205</u>	<u>\$ 31,934</u>
EXPENDITURES				
Blue Lake Rancheria	\$32,375	\$32,125	\$ 250	\$ 31,875
Adult Day Health Center	0	0	0	0
Contract Maintenance	0	0	0	0
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total</u>	<u>\$32,375</u>	<u>\$32,125</u>	<u>\$ 250</u>	<u>\$ 31,875</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (455)	\$ 0	\$ 455	\$ 59
FUND BALANCE - BEGINNING OF YEAR	59	59	0	22,207
TRANSIT RESERVES TRANSFER	<u>0</u>	<u>0</u>	<u>0</u>	<u>(22,207)</u>
FUND BALANCE - END OF YEAR (NOTE 5)	<u>\$ (396)</u>	<u>\$ 59</u>	<u>\$ 455</u>	<u>\$ 59</u>

See accompanying notes to financial statements.

CITY OF BLUE LAKE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

NOTE 1 - REPORTING ENTITY:

These financial statements consist only of the Transportation Fund of the City of Blue Lake. This governmental-type Special Revenue Fund accounts for the various transit and street-related activities provided by the City, and is financed with Transportation Development Act monies.

NOTE 2 - BASIS OF ACCOUNTING:

The Transportation Fund of the City of Blue Lake is accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

NOTE 3 - DESCRIPTION OF SERVICES:

The City's transportation services consist of three distinct programs:

1. Participation and support of the Adult Day Health Care of Mad River transit operations, which provides demand responsive services to elderly and handicapped residents of the City; effective with the year ended June 30, 2014, this program was formally ended, and remaining funds have been re-allocated for use for streets activities;
2. A general public use fixed route transit system providing transit services in and around the City of Blue Lake;
3. An ongoing streets repair and maintenance program.

NOTE 4 - USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

CITY OF BLUE LAKE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

NOTE 5 - ADHC RESERVE:

As of June 30, 2014, an amount of \$7,045 of the total fund balance pertaining to section 99400(c) of the City's Transit Fund, which had previously been reserved for the Adult Day Health Care of Mad River (ADHC) transportation program was re-allocated for use in the City's streets repairs and maintenance program.