

CITY OF FORTUNA

REPORT ON AUDIT OF THE
TRANSPORTATION DEVELOPMENT ACT FUNDS
(ARTICLES 3, 4 & 8)

For the Year Ended June 30, 2014

CITY OF FORTUNA

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Humboldt County Association
of Governments
611 I Street, Suite B
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We have audited the accompanying financial statements of the Senior Bus Fund, Transportation Fund and Transportation 2% Set-Aside Fund of the City of Fortuna 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 Senior Bus Fund, Transportation Fund and Transportation 2% Set-Aside Fund of the City of Fortuna as of June 30, 2014 and 2013, and the changes in financial position and cash flows 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 Senior Bus Fund, Transportation Fund and Transportation 2% Set-Aside Fund and do not purport to, and do not present fairly the financial position of the City of Fortuna as of June 30, 2014 and 2013, the changes in its financial position, and, 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, except as discussed in Note 6, 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

November 21, 2014
Fortuna, California

CITY OF FORTUNA

TRANSPORTATION DEVELOPMENT ACT FUNDS
COMPARATIVE STATEMENT OF NET ASSETS

Pertaining to Section 99260 of the Public Utilities Code
Recorded in the Senior Bus Fund

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash	\$ 96,160	\$ 93,954
Bus deposit - local match	0	0
Property, plant and equipment	156,149	156,149
Less: Accumulated depreciation	<u>(118,870)</u>	<u>(110,581)</u>
TOTAL ASSETS	<u>\$ 133,439</u>	<u>\$ 139,522</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 565	\$ 1,044
Payroll payable	3,533	2,874
Vacation payable	<u>225</u>	<u>211</u>
<u>Total Liabilities</u>	<u>\$ 4,323</u>	<u>\$ 4,129</u>
Net Assets:		
Investment in property, plant and equipment:		
Government contribution for fixed assets	\$ 149,496	\$ 149,496
Less: Capital grant amortization	<u>(116,493)</u>	<u>(109,155)</u>
Retained earnings - Undesignated	77,978	78,204
Retained earnings - Capital reserve	13,122	13,122
Retained earnings - STAF reserve	<u>5,013</u>	<u>3,726</u>
<u>Total Net Assets</u>	<u>\$ 129,116</u>	<u>\$ 135,393</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 133,439</u>	<u>\$ 139,522</u>

See accompanying notes to financial statements.

CITY OF FORTUNA

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	\$1,237,783	\$1,132,735
TDA funds receivable	80,000	0
Accounts receivable	2,081	0
Accounts receivable loans-current	679	1,711
Accounts receivable loans-non-current	<u>18,099</u>	<u>25,995</u>
TOTAL ASSETS	<u>\$1,338,642</u>	<u>\$1,160,441</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accrued expenses	\$ 0	\$ 1,177
Vouchers payable	1,965	252
Due to other fund	67,215	0
Deferred revenues	<u>18,778</u>	<u>27,706</u>
<u>Total Liabilities</u>	<u>\$ 87,958</u>	<u>\$ 29,135</u>
Fund Balance:		
Restricted:		
Streets	\$1,232,585	\$1,105,311
Nonspendable:		
Reserved for non-current loans	<u>18,099</u>	<u>25,995</u>
<u>Total Fund Balance</u>	<u>\$1,250,684</u>	<u>\$1,131,306</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$1,338,642</u>	<u>\$1,160,441</u>

See accompanying notes to financial statements.

CITY OF FORTUNA

TRANSPORTATION DEVELOPMENT ACT FUNDS
COMPARATIVE BALANCE SHEET

Pertaining to Section 99234 of the Public Utilities Code
Recorded in the Transportation 2% Set-Aside Fund

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash	\$ <u>121,704</u>	\$ <u>112,997</u>
TOTAL ASSETS	\$<u>121,704</u>	\$<u>112,997</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ <u> 0</u>	\$ <u> 0</u>
<u>Total Liabilities</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balance:		
Restricted:		
TDA 2% Set-Aside Projects	\$ <u>121,704</u>	\$ <u>112,997</u>
<u>Total Fund Balance</u>	<u>\$121,704</u>	<u>\$112,997</u>
TOTAL LIABILITIES AND FUND BALANCE	\$<u>121,704</u>	\$<u>112,997</u>

See accompanying notes to financial statements.

CITY OF FORTUNA

TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS

Pertaining to Sections 99260 of the Public Utilities Code
Recorded in the Senior Bus Fund

For the Year Ended June 30, 2014

With Comparative Amounts for the Year Ended June 30, 2013

	2014		Variance Favorable (Unfavorable)	2013 Actual
	Budget	2014 Actual		
OPERATING REVENUES				
Passenger fares	\$ 12,000	\$ 12,167	\$ 167	\$ 12,787
Other income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total Operating Revenues</u>	<u>\$ 12,000</u>	<u>\$ 12,167</u>	<u>\$ 167</u>	<u>\$ 12,787</u>
OPERATING EXPENSES				
Personal services, salaries and benefits	\$ 79,690	\$ 82,833	\$ (3,143)	\$ 70,839
Supplies	1,200	702	498	1,302
Vehicle fuel and oil	12,000	10,786	1,214	11,536
Repairs and maintenance	3,000	2,024	976	1,365
Depreciation	0	8,288	(8,288)	11,739
Advertising and personnel	300	1,051	(751)	285
Insurance	3,400	3,400	0	3,400
Telephone and other	<u>1,600</u>	<u>582</u>	<u>1,018</u>	<u>558</u>
<u>Total Operating Expenses</u>	<u>\$101,190</u>	<u>\$109,666</u>	<u>\$ (8,476)</u>	<u>\$101,024</u>
NON-OPERATING REVENUES				
Government allocations -				
Local Transportation Fund	\$186,000	\$230,912	\$ 44,912	\$197,217
State Transit Assistance Fund	0	1,287	1,287	3,121
Cal-Trans 5310 Grant	0	0	0	0
Interest income (expense)	0	260	260	(376)
Gain on sale of property	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,520</u>
<u>Total Non-Operating Revenues</u>	<u>\$186,000</u>	<u>\$232,459</u>	<u>\$ 46,459</u>	<u>\$201,482</u>
NON-OPERATING EXPENSES				
HTA assessment	\$141,323	\$141,222	\$ 101	\$117,925
Bus shelters	<u>500</u>	<u>14</u>	<u>486</u>	<u>21</u>
<u>Total Non-Operating Expenses</u>	<u>\$141,823</u>	<u>\$141,236</u>	<u>\$ 587</u>	<u>\$117,946</u>
INCOME (LOSS) BEFORE ADJUSTMENTS	<u>\$ (45,013)</u>	<u>\$ (6,276)</u>	<u>\$ 38,737</u>	<u>\$ (4,701)</u>

(Continued on following page)

See accompanying notes to financial statements.

CITY OF FORTUNA

TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS

Pertaining to Sections 99260 of the Public Utilities Code
Recorded in the Senior Bus Fund

For the Year Ended June 30, 2014

With Comparative Amounts for the Year Ended June 30, 2013

	2014		Variance Favorable (Unfavorable)	2013 Actual
	Budget	2014 Actual		
INCOME (LOSS) BEFORE ADJUSTMENTS				
Balances Forward	\$ (45,013)	\$ (6,276)	\$ 38,737	\$ (4,701)
CAPITAL GRANT	0	0	0	0
DEPRECIATION ON FIXED ASSETS	<u>7,337</u>	<u>7,337</u>	<u>0</u>	<u>10,788</u>
INCREASE (DECREASE) IN NET ASSETS	\$ (37,676)	\$ 1,061	\$ 38,737	\$ 6,087
RETAINED EARNINGS - BEGINNING OF YEAR	95,052	95,052	0	88,974
PRIOR PERIOD ADJUSTMENT	<u>0</u>	<u>0</u>	<u>0</u>	<u>(9)</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 57,376</u>	<u>\$ 96,113</u>	<u>\$ 38,737</u>	<u>\$ 95,052</u>

See accompanying notes to financial statements.

CITY OF FORTUNA

TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

Pertaining to Sections 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	\$ 154,800	\$ 176,267	\$ 21,467	\$ 154,838
Miscellaneous:				
Interest	5,000	2,223	(2,777)	1,859
Other	<u>2,000</u>	<u>12,496</u>	<u>10,496</u>	<u>2,536</u>
<u>Total</u>	<u>\$ 161,800</u>	<u>\$ 190,986</u>	<u>\$ 29,186</u>	<u>\$ 159,233</u>
EXPENDITURES AND TRANSFERS				
Street and road projects	\$ 857,333	\$ 107	\$ 857,226	\$ 47,198
Interfund transfers out	<u>0</u>	<u>71,501</u>	<u>(71,501)</u>	<u>101,732</u>
<u>Total</u>	<u>\$ 857,333</u>	<u>\$ 71,608</u>	<u>\$ 785,725</u>	<u>\$ 148,930</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (695,533)	\$ 119,378	\$ 814,911	\$ 10,303
FUND BALANCE - BEGINNING OF YEAR	1,131,306	1,131,306	0	1,120,977
PRIOR PERIOD ADJUSTMENTS	<u>0</u>	<u>0</u>	<u>0</u>	<u>26</u>
FUND BALANCE - END OF YEAR	<u>\$ 435,773</u>	<u>\$1,250,684</u>	<u>\$ 814,911</u>	<u>\$1,131,306</u>

See accompanying notes to financial statements.

CITY OF FORTUNA

TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

Pertaining to Sections 99234 of the Public Utilities Code
Recorded in the Transportation 2% Set-Aside Fund

For the Year Ended June 30, 2014

With Comparative Amounts for the Year Ended June 30, 2013

	2014		Variance Favorable (Unfavorable)	2013 Actual
	Budget	2014 Actual		
REVENUES				
Intergovernmental: Allocations	\$ 7,200	\$ 8,310	\$ 1,110	\$ 7,185
Miscellaneous: Interest	500	397	(103)	137
<u>Total</u>	<u>\$ 7,700</u>	<u>\$ 8,707</u>	<u>\$ 1,007</u>	<u>\$ 7,322</u>
EXPENDITURES				
Street and road projects	\$ 0	\$ 0	\$ 0	\$ 0
<u>Total</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 7,700	\$ 8,707	\$ 1,007	\$ 7,322
FUND BALANCE - BEGINNING OF YEAR	105,702	105,702	0	105,702
PRIOR PERIOD ADJUSTMENT	0	0	0	(27)
FUND BALANCE - END OF YEAR	<u>\$113,392</u>	<u>\$112,997</u>	<u>\$ 1,007</u>	<u>\$112,997</u>

See accompanying notes to financial statements.

CITY OF FORTUNA

TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF CASH FLOWS

Pertaining to Sections 99260 of the Public Utilities Code
Recorded in the Senior Bus Fund

For the Year Ended June 30, 2014

With Comparative Amounts for the Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for services and other income	\$ 12,167	\$ 12,787
Cash disbursed for operating activities	<u>(242,420)</u>	<u>(209,498)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>(230,253)</u>	\$ <u>(196,711)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other governments	\$ <u>230,912</u>	\$ <u>200,338</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	\$ <u>230,912</u>	\$ <u>200,338</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received (expense)	\$ <u>260</u>	\$ <u>(376)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	\$ <u>260</u>	\$ <u>(376)</u>
CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES:		
Capital grants received	\$ 1,287	\$ 0
Purchase of property and equipment	0	0
Proceeds from sale of equipment	0	1,520
Bus deposit - local match	<u>0</u>	<u>0</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	\$ <u>1,287</u>	\$ <u>1,520</u>
NET INCREASE IN CASH	\$ 2,206	\$ 4,771
CASH BALANCE - BEGINNING OF YEAR	<u>93,954</u>	<u>89,183</u>
CASH BALANCE - END OF YEAR	\$ <u>96,160</u>	\$ <u>93,954</u>

See accompanying notes to financial statements.

CITY OF FORTUNA

TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

NOTE 1 - REPORTING ENTITY:

These financial statements consist only of the Senior Bus Fund, Transportation Fund and Transportation 2% Set-Aside Fund of the City of Fortuna. The Senior Bus Fund, as an Enterprise Fund, accounts for the various transit activities provided by the City, and is financed with Transportation Development Act monies. The Transportation Fund and Transportation 2% Set-Aside Fund, as governmental-type Special Revenue Funds, account for various street related activities and bicycle and pedestrian pathway projects provided by the City, and are also financed with Transportation Development Act monies.

NOTE 2 - BASIS OF ACCOUNTING:

The Senior Citizen Bus Fund, an Enterprise Fund, is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Funds claimed and paid to the Humboldt Transit Authority are also accounted for in the Senior Bus Fund. This portion of the Senior Bus Fund uses 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.

The Transportation Fund and the Transportation 2% Set-Aside Fund of the City of Fortuna are 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 SERVICE:

The City of Fortuna supports specialized transportation to senior and handicapped citizens within the City of Fortuna. The service was provided by the Senior Citizen Center until April 1984 and directly by the City thereafter. The City also contributes funds for the operation of the Redwood Transit System, a county-wide operated service for the general public use, operated by the Humboldt Transit Authority.

The Transportation Fund is used to account for the City's ongoing street and road maintenance program funded in part by Transportation Development Act monies. During the years ended June 30, 2014 and 2013, this program included the various sidewalk and street reconstruction projects.

The Transportation 2% Set-Aside Fund is used to account for the City's bicycle and pedestrian pathway projects funded in part by Transportation Development Act monies.

CITY OF FORTUNA

TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

NOTE 4 - CAPITAL GRANT ASSETS:

The acquisition, disposal and depreciation of fixed assets acquired through grants or City contributions is offset against the appropriate contributed capital accounts. The statement of revenues, expenditures and changes in retained earnings is increased by the asset depreciation and decreased by the Capital Grant revenue.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT:

The change in property, plant and equipment for the year ended June 30, 2014 and 2013 was as follows:

	Balance June 30, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2013</u>
Vehicles	\$ 201,078	\$ 0	\$ (47,399)	\$153,679
Other improvements	2,470	0	0	2,470
Accumulated depreciation	<u>(146,241)</u>	<u>(11,739)</u>	<u>47,399</u>	<u>(110,581)</u>
Net property, plant and equipment	<u>\$ 57,307</u>	<u>\$(11,739)</u>	<u>\$ 0</u>	<u>\$ 45,568</u>

	Balance June 30, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2014</u>
Vehicles	\$ 153,679	\$ 0	\$ 0	\$ 153,679
Other improvements	2,470	0	0	2,470
Accumulated depreciation	<u>(110,581)</u>	<u>(8,289)</u>	<u>0</u>	<u>(118,870)</u>
Net property, plant and equipment	<u>\$ 45,568</u>	<u>\$(8,289)</u>	<u>\$ 0</u>	<u>\$ 37,279</u>

Property, plant and equipment is recorded at cost and depreciated using the straight-line method over useful lives of five to seven years. Depreciation expense charged to operations for the years ended June 30, 2014 and 2013 was \$8,288 and \$11,739 respectively.

CITY OF FORTUNA

TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

NOTE 6 - ELIGIBILITY FOR FUNDS:

Pursuant to Section 6634 of the California Administrative Code relating to the Transportation Development Act, a transit claimant is eligible to receive monies from the Local Transportation Fund in an amount which does not exceed the claimant's operating costs, less actual fare revenues received. For the fiscal years ended June 30, 2014 and 2013, the calculations are as follows:

	<u>2014</u>	<u>2013</u>
Operating Costs:		
Salary	\$ 55,599	\$ 56,521
Benefits	27,234	14,318
Supplies	702	1,302
Vehicle fuel & oil	10,786	11,536
Vehicle repair & maintenance	2,024	1,365
Advertising & personnel	1,051	285
Insurance	3,400	3,400
Telephone & other	<u>596</u>	<u>579</u>
Net operating costs	\$101,392	\$ 89,306
Less: DAR Fares received	<u>(12,167)</u>	<u>(12,787)</u>
Maximum TDA Fund Eligibility	\$ 89,225	\$ 76,519
TDA Funds received	<u>89,190</u>	<u>77,342</u>
Excess TDA Allocation	<u>\$ 00</u>	<u>\$ 823</u>

In accordance with the rules and regulations of the Transportation Planning Agency, any excess amounts are required to be adjusted on a succeeding year's TDA claim. They can also be re-identified as monies claimed for capital purchases if sufficient reserves have been used to help purchase new capital assets.

CITY OF FORTUNA

TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

NOTE 7 - FARE BOX RECOVERY RATIO:

The City met its required Fare Box Recovery Ratio for general and specialized transit services as calculated under Section 6633.5 of the TDA code for the years ended June 30, 2014 and 2013. The calculation of this compliance was as follows:

	<u>Section 6633.5</u>	
	<u>2014</u>	<u>2013</u>
Total operating costs	\$101,392	\$ 89,306
Less: Insurance premiums per Section 99268.17	<u>0</u>	<u>0</u>
Net operating costs	<u>\$101,392</u>	<u>\$ 89,306</u>
Required fare box recovery ratio %	10.00%	10.00%
Required minimum fares	\$ 10,139	\$ 8,931
Actual fares collected	\$ 12,167	\$ 12,787
Actual fare box recovery ratio achieved	12.0%	14.3%

NOTE 8 - STATEMENT OF CASH FLOWS:

To comply with GASB Statement 9, Cash Flows Statement, the following reconciliation of income (loss) from operations to net cash provided (used) by operating activities is presented:

	<u>2014</u>	<u>2013</u>
Income (loss) from operations	\$ (6,276)	\$ (4,701)
Add (deduct):		
Depreciation	8,288	11,739
Operating grants received	(230,912)	(197,217)
Interest (income) expense	(260)	376
Capital grants received	(1,287)	(3,121)
Prior period adjustment	0	(9)
(Decrease) Increase in accounts payable and other accrued expenses	194	(2,258)
Proceeds from sale of equipment	<u>0</u>	<u>(1,520)</u>
Net cash provided (used) by operating activities	<u>\$ (230,253)</u>	<u>\$ (196,711)</u>

CITY OF FORTUNA

TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

NOTE 9 - 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.

NOTE 10 - TRANSIT OPERATOR VEHICLE CODE COMPLIANCE

Section 99251 of the Transportation Development Act requires operators submitting claims for TDA funds to provide evidence of compliance with Section 1808.1 of the Vehicle Code, regarding participation in the Department of Motor Vehicles Pull Notice Program. Such compliance is generally provided by the routine inspections performed by the California Highway Patrol on transit operator vehicles.

The City currently participates in the Pull Notice Program and is otherwise deemed compliant in this area.