

**CITY OF FORTUNA**

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

For the Year Ended June 30, 2021

**CITY OF FORTUNA**

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June 30, 2021

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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 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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 Notes 6 and 7, 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 16, 2021  
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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash	\$ 289,581	\$ 119,486
TDA funds receivable	<u>          0</u>	<u>          0</u>
<u>Total Current Assets</u>	<u>289,581</u>	<u>119,486</u>
<u>Property, Plant and Equipment</u>		
Property, plant and equipment	310,870	310,870
Less: Accumulated depreciation	<u>(180,862)</u>	<u>(156,737)</u>
<u>Total Property, Plant and Equipment</u>	<u>130,008</u>	<u>154,133</u>
<u>Deferred Outflows of Resources</u>		
Deferred Outflows Related to Pensions	<u>32,606</u>	<u>35,240</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 452,195</u></b>	<b><u>\$ 308,859</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<u>Current Liabilities</u>		
Accounts payable and accrued expenses	\$ 166,397	\$ 1,468
Vacation payable	<u>859</u>	<u>49</u>
<u>Total Current Liabilities</u>	<u>\$ 167,256</u>	<u>\$ 1,517</u>
<u>Other Liabilities</u>		
Net Pension Liability	<u>184,553</u>	<u>169,938</u>
<u>Total Liabilities</u>	<u>\$ 351,809</u>	<u>\$ 171,455</u>
<u>Deferred Inflows of Resources</u>		
Deferred Inflows Related to Pensions	4,911	0
<u>Net Assets:</u>		
Retained Earnings:		
Undesignated	\$ 21,307	\$ 60,997
LTF capital reserve	68,464	70,703
STAF capital reserve	<u>5,704</u>	<u>5,704</u>
<u>Total Net Assets</u>	<u>\$ 95,475</u>	<u>\$ 137,404</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 452,195</u></b>	<b><u>\$ 308,859</u></b>

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 506,816	\$ 812,467
TDA funds receivable	103,690	206,155
Accounts receivable loans-current	0	0
Accounts receivable loans-non-current	<u>11,126</u>	<u>12,088</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 621,632</u></b>	<b><u>\$1,030,710</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accrued expenses	\$ 0	\$ 0
Vouchers payable	0	0
Deferred revenues	<u>11,126</u>	<u>226,863</u>
<u>Total Liabilities</u>	<u>\$ 11,126</u>	<u>\$ 226,863</u>
Fund Balance:		
Restricted:		
Streets	\$ 599,380	\$ 791,759
Nonspendable:		
Reserved for non-current loans	<u>11,126</u>	<u>12,088</u>
<u>Total Fund Balance</u>	<u>\$ 610,506</u>	<u>\$ 803,847</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 621,632</u></b>	<b><u>\$1,030,710</u></b>

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$161,780	\$150,751
TDA funds receivable	<u>          0</u>	<u>          0</u>
<b>TOTAL ASSETS</b>	<b><u>\$161,780</u></b>	<b><u>\$150,751</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 53,892	\$ <u>          0</u>
<u>Total Liabilities</u>	<u>\$ 53,892</u>	<u>\$ <u>          0</u></u>
Fund Balance:		
Restricted:		
TDA 2% Set-Aside Projects	<u>\$107,888</u>	<u>\$150,751</u>
<u>Total Fund Balance</u>	<u>\$107,888</u>	<u>\$150,751</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$161,780</u></b>	<b><u>\$150,751</u></b>

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, 2021

With Comparative Amounts for the Year Ended June 30, 2020

	2021		Variance	
	Budget	2021 Actual	Favorable (Unfavorable)	2020 Actual
<b>OPERATING REVENUES</b>				
Passenger fares	\$ 16,000	\$ 11,689	\$ (4,311)	\$ 15,261
Other income	<u>2,000</u>	<u>5,985</u>	<u>3,985</u>	<u>0</u>
<u>Total Operating Revenues</u>	<u>\$ 18,000</u>	<u>\$ 17,674</u>	<u>\$ (326)</u>	<u>\$ 15,261</u>
<b>OPERATING EXPENSES</b>				
Personal services, salaries and benefits	\$159,539	\$142,173	\$ 17,366	\$131,475
Supplies	1,500	729	771	1,356
Vehicle fuel and oil	11,000	10,543	457	10,803
Repairs and maintenance	4,000	7,622	(3,622)	2,074
Depreciation	0	24,125	(24,125)	24,125
Advertising and personnel	600	1,096	(496)	0
Insurance	10,316	9,710	606	5,000
Telephone and other	<u>3,800</u>	<u>803</u>	<u>2,997</u>	<u>2,587</u>
<u>Total Operating Expenses</u>	<u>\$190,755</u>	<u>\$196,801</u>	<u>\$ (6,046)</u>	<u>\$177,420</u>
<b>NON-OPERATING REVENUES</b>				
Government allocations -				
Local Transportation Fund	\$305,000	\$316,695	\$ 11,695	\$290,516
State Transit Assistance Fund	0	0	0	0
Interest income	<u>400</u>	<u>0</u>	<u>(400)</u>	<u>1,158</u>
<u>Total Non-Operating Revenues</u>	<u>\$305,400</u>	<u>\$316,695</u>	<u>\$ 11,295</u>	<u>\$291,674</u>
<b>NON-OPERATING EXPENSES</b>				
HTA assessment	\$163,700	\$163,697	\$ 3	\$160,590
Bus shelters	0	0	0	0
GASB 68 pension liability	<u>0</u>	<u>8,586</u>	<u>(8,586)</u>	<u>12,445</u>
<u>Total Non-Operating Expenses</u>	<u>\$163,700</u>	<u>\$172,283</u>	<u>\$ (8,583)</u>	<u>\$173,035</u>
<b>INCOME (LOSS) BEFORE ADJUSTMENTS</b>	<b><u>\$ (31,055)</u></b>	<b><u>\$ (34,715)</u></b>	<b><u>\$ (3,660)</u></b>	<b><u>\$ (43,520)</u></b>

(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, 2021

With Comparative Amounts for the Year Ended June 30, 2020

	2021		Variance Favorable (Unfavorable)	2020 Actual
	Budget	2021 Actual		
<b>INCOME (LOSS) BEFORE ADJUSTMENTS</b>				
Balances Forward	\$ (31,055)	\$ (34,715)	\$ (3,660)	\$ (43,520)
<b>FUND TRANSFERS - Measure E</b>	<u>5,000</u>	<u>4,431</u>	<u>(569)</u>	<u>5,691</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	\$ (26,055)	\$ (30,284)	\$ (4,229)	\$ (37,829)
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>	137,404	137,404	0	175,233
<b>PRIOR PERIOD ADJUSTMENT (NOTE 11)</b>	<u>0</u>	<u>(11,645)</u>	<u>(11,645)</u>	<u>0</u>
<b>RETAINED EARNINGS - END OF YEAR</b>	<u>\$ 111,349</u>	<u>\$ 95,475</u>	<u>\$ (15,874)</u>	<u>\$ 137,404</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, 2021

With Comparative Amounts for the Year Ended June 30, 2020

	<u>2021</u>		Variance	
	<u>Budget</u>	<u>2021 Actual</u>	Favorable (Unfavorable)	<u>2020 Actual</u>
<b>REVENUES</b>				
Intergovernmental:				
Allocations-TDA	\$ 115,000	\$ 103,690	\$ (11,310)	\$ 206,155
Reimbursements	625,000	654,147	29,147	0
Miscellaneous:				
Interest	4,000	0	(4,000)	8,228
Other	<u>0</u>	<u>315</u>	<u>315</u>	<u>1,314</u>
<u>Total</u>	<u>\$ 744,000</u>	<u>\$ 758,152</u>	<u>\$ 14,152</u>	<u>\$ 215,697</u>
<b>EXPENDITURES AND TRANSFERS</b>				
Street and road projects	\$1,008,000	\$ 964,697	\$ 43,303	\$ 30,386
Interfund transfers out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total</u>	<u>\$1,008,000</u>	<u>\$ 964,697</u>	<u>\$ 43,303</u>	<u>\$ 30,386</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (264,000)</b>	<b>\$ (206,545)</b>	<b>\$ 57,455</b>	<b>\$ 185,311</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>803,847</b>	<b>803,847</b>	<b>0</b>	<b>618,536</b>
<b>PRIOR PERIOD ADJUSTMENTS (NOTE 11)</b>	<u>0</u>	<u>13,204</u>	<u>13,204</u>	<u>0</u>
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$ 539,847</u></b>	<b><u>\$ 610,506</u></b>	<b><u>\$ 70,659</u></b>	<b><u>\$ 803,847</u></b>

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, 2021

With Comparative Amounts for the Year Ended June 30, 2020

	<u>2021</u>		Variance	
	<u>Budget</u>	<u>2021 Actual</u>	Favorable (Unfavorable)	<u>2020 Actual</u>
<b>REVENUES</b>				
Intergovernmental:				
Allocations - TDA	\$ 11,000	\$ 8,579	\$ (2,421)	\$ 11,794
County of Humboldt	0	0	0	0
Miscellaneous:				
Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,926</u>
<u>Total</u>	<u>\$ 11,000</u>	<u>\$ 8,579</u>	<u>\$ (2,421)</u>	<u>\$ 13,720</u>
<b>EXPENDITURES</b>				
Street and road projects	\$ <u>0</u>	\$ <u>53,892</u>	\$ <u>(53,892)</u>	\$ <u>0</u>
<u>Total</u>	<u>\$ 0</u>	<u>\$ 53,892</u>	<u>\$ (53,892)</u>	<u>\$ 0</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 11,000</b>	<b>\$ (45,313)</b>	<b>\$ (56,313)</b>	<b>\$ 13,720</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>150,751</b>	<b>150,751</b>	<b>0</b>	<b>137,031</b>
<b>PRIOR PERIOD ADJUSTMENT (NOTE 11)</b>	<u>0</u>	<u>2,450</u>	<u>2,450</u>	<u>0</u>
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$161,751</u></b>	<b><u>\$107,888</u></b>	<b><u>\$ (53,863)</u></b>	<b><u>\$150,751</u></b>

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, 2021

With Comparative Amounts for the Year Ended June 30, 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received for services	\$ 11,689	\$ 15,261
Cash received from other income	5,985	0
Cash disbursed for operating activities	<u>(170,633)</u>	<u>(315,980)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING2 ACTIVITIES</b>	<b><u>\$ (152,959)</u></b>	<b><u>\$ (300,719)</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash received from transfers	\$ 4,431	\$ 5,691
Cash received from other governments	<u>316,695</u>	<u>290,516</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b><u>\$ 321,126</u></b>	<b><u>\$ 296,207</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received (prior)	\$ <u>1,928</u>	\$ <u>1,158</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>\$ 1,928</u></b>	<b><u>\$ 1,158</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants received	\$ 0	\$ 0
Purchase of property and equipment	0	0
Proceeds from sale of equipment	<u>0</u>	<u>0</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
<b>NET (DECREASE) INCREASE IN CASH</b>	<b><u>\$ 170,095</u></b>	<b><u>\$ (3,354)</u></b>
<b>CASH BALANCE - BEGINNING OF YEAR</b>	<b><u>119,486</u></b>	<b><u>122,840</u></b>
<b>CASH BALANCE (OVERDRAFT) - END OF YEAR</b>	<b><u>\$ 289,581</u></b>	<b><u>\$ 119,486</u></b>

See accompanying notes to financial statements.

CITY OF FORTUNA

TRANSPORTATION DEVELOPMENT ACT FUNDS  
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

**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, 2021 and 2020, 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, 2021

**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, 2021 and 2020 was as follows:

	Balance June 30, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2021</u>
Vehicles	\$ 179,117	\$ 0	\$ 0	\$ 179,117
Other improvements	131,753	0	0	131,753
Accumulated depreciation	<u>(156,737)</u>	<u>(24,125)</u>	<u>0</u>	<u>(180,862)</u>
Net property, plant and equipment	<u>\$ 154,133</u>	<u>\$ (24,125)</u>	<u>\$ 0</u>	<u>\$ 130,008</u>

  

	Balance June 30, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2020</u>
Vehicles	\$ 179,117	\$ 0	\$ 0	\$ 179,117
Other improvements	131,753	0	0	131,753
Accumulated depreciation	<u>(132,612)</u>	<u>(24,125)</u>	<u>0</u>	<u>(156,737)</u>
Net property, plant and equipment	<u>\$ 178,258</u>	<u>\$ (24,125)</u>	<u>\$ 0</u>	<u>\$ 154,133</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, 2021 and 2020 was \$24,125 and \$24,125 respectively.

CITY OF FORTUNA

TRANSPORTATION DEVELOPMENT ACT FUNDS  
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

**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, 2021 and 2020, the calculations are as follows:

	<u>2021</u>	<u>2020</u>
Operating Costs:		
Salary	\$ 76,520	\$ 94,959
Benefits	65,653	36,516
Supplies	729	1,356
Vehicle fuel & oil	10,543	10,803
Vehicle repair & maintenance	7,622	2,074
Advertising & personnel	1,096	0
Insurance	9,710	5,000
Telephone & other	<u>803</u>	<u>2,587</u>
Net operating costs	\$172,676	\$153,295
Less: DAR Fares received	<u>(11,689)</u>	<u>(15,261)</u>
Maximum TDA Fund Eligibility	\$160,987	\$138,034
TDA Funds received (before prior year offset)	<u>168,600</u>	<u>151,900</u>
Excess TDA Allocation	<u>\$ 7,613</u>	<u>\$ 13,866</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, 2021

**NOTE 7 - FARE BOX RECOVERY RATIO:**

The City did not meet its required Fare Box Recovery Ratio for specialized transit services as calculated under Section 6633.5 of the TDA code for the years ended June 30, 2021 and 2020. The calculations for this fare box ratio compliance for each year was as follows:

	<u>Section 6633.5</u>	
	<u>2021</u>	<u>2020</u>
Total operating costs	\$172,676	\$153,295
Less: Insurance premiums per Section 99268.17	<u>0</u>	<u>0</u>
Net operating costs	<u>\$172,676</u>	<u>\$153,295</u>
Required fare box recovery ratio %	10.00%	10.00%
Required minimum fares	\$ 17,267	\$ 15,330
Actual fares collected	\$ 11,689	\$ 15,261
Actual fare box recovery ratio achieved	6.77%	9.95%

In accordance with code section 6633.9(a), the June 30, 2020 year non compliance is considered the one time grace year and no eligibility recalculations are required. For the year ended June 30, 2021, the compliance requirement was waived due to COVID.

**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>2021</u>	<u>2020</u>
Income (loss) from operations	\$ (34,715)	\$ (43,520)
Add (deduct):		
Depreciation	24,125	24,125
Operating grants received	(316,695)	(290,516)
Interest (income) expense	0	(1,158)
Capital grants received	0	0
Sale of property	0	0
GASB 68 pension	8,586	12,445
(Decrease) Increase in accounts payable and other accrued expenses	<u>165,740</u>	<u>(2,095)</u>
Net cash provided (used) by operating activities	<u>\$ (152,959)</u>	<u>\$ (300,719)</u>



CITY OF FORTUNA

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For the Year Ended June 30, 2021

**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.

**NOTE 11 - PRIOR PERIOD ADJUSTMENTS**

Prior period adjustments were required in each of the funds to account for certain adjustments that were made to the records as of the prior June 30, 2020 fiscal year-end after the date of our prior audit. Those adjustment and amounts were as follows:

	<u>GASB 31</u> <u>Adjustments</u>	<u>GASB 68</u> <u>Adjustments</u>
Senior Bus Fund	\$ 1,928	\$ (13,574)
Transportation Fund	\$13,204	
Transportation 2% Set-Aside Fund	\$ 2,450	