

CITY OF RIO DELL

REPORT ON AUDIT OF THE TRANSPORTATION FUND

For the Year Ended June 30, 2021

CITY OF RIO DELL

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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 Rio Dell 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 Transportation Fund of the City of Rio Dell as of June 30, 2021 and 2020, 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 Rio Dell as of June 30, 2021 and 2020, 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

December 13, 2021
Fortuna, California

CITY OF RIO DELL

TRANSPORTATION DEVELOPMENT ACT FUNDS
COMPARATIVE BALANCE SHEET

Pertaining to Sections 99260(a), 99400(a) and 99400(c)
of the Public Utilities Code

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 62,339	\$ 39,748
Other receivables	0	188
TDA funds receivable	0	34,859
Prepaid expenses	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 62,339</u>	<u>\$ 74,795</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 10,220	\$ 16,492
Accrued wages	<u>956</u>	<u>0</u>
Total Liabilities	<u>\$ 11,176</u>	<u>\$ 16,492</u>
Fund Balance:		
Restricted:		
ADHC Program	\$ 130	\$ 130
TDA Programs	<u>51,033</u>	<u>58,173</u>
Total Fund Balance	<u>\$ 51,163</u>	<u>\$ 58,303</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 62,339</u>	<u>\$ 74,795</u>

See accompanying notes to financial statements.

CITY OF RIO DELL

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

Pertaining to Sections 99260(a), 99400(a) and 99400(c)
of the Public Utilities Code

For the Year Ended June 30, 2021

With Comparative Amounts for the Year Ended June 30, 2020

	2021		Variance	2020
	Budget	2021 Actual	Favorable (Unfavorable)	Actual
REVENUES				
Intergovernmental:				
TDA revenues	\$ 62,817	\$ 65,346	\$ 2,529	\$102,859
HTA assessment	46,222	46,222	0	45,298
ADHC claim	6,500	6,500	0	6,500
Interest	0	0	0	521
Other income	0	0	0	553
<u>Total</u>	<u>\$ 115,539</u>	<u>\$ 118,068</u>	<u>\$ 2,529</u>	<u>\$155,731</u>
EXPENDITURES				
HTA assessment	\$ 46,222	\$ 46,222	\$ 0	\$ 45,298
ADHC program	6,500	6,500	0	6,500
Street projects	76,285	61,331	14,954	115,332
Capital outlay	15,510	11,155	4,355	0
<u>Total</u>	<u>\$ 144,517</u>	<u>\$ 125,208</u>	<u>\$ 19,309</u>	<u>\$167,130</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ (28,978)	\$ (7,140)	\$ 21,838	\$ (11,399)
FUND BALANCE - BEGINNING OF YEAR	58,303	58,303	0	69,702
PRIOR PERIOD ADJUSTMENT	0	0	0	0
FUND BALANCE - END OF YEAR	<u>\$ 29,325</u>	<u>\$ 51,163</u>	<u>\$ 21,838</u>	<u>\$ 58,303</u>

See accompanying notes to financial statements.

CITY OF RIO DELL

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

NOTE 1 - REPORTING ENTITY:

These financial statements consist only of the Transportation Fund of the City of Rio Dell. This governmental-type Special Revenue Fund accounts for 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 Rio Dell 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:

Under Sections 99260(a), 99400(a) and 99400(c) of the Transportation Development Act, the City of Rio Dell claims and expends funds in order to provide the following services and programs:

1. Participation and support of the Redwood Transit System, which provides fixed-route transit service to the City's residents;
2. An ongoing road maintenance and repair program which is partially funded with TDA monies;
3. Participation and support of the Adult Day Health Care Program transit operations, which provides demand responsive services to elderly and handicapped residents of the City (see Note 5)

NOTE 4 - STREET FUND EXPENDITURES:

For the years ended June 30, 2021 and 2020, in addition to the directly charged transit costs, expenditures were allocated to the TDA fund as part of an overall City expenditure allocation analysis. Overall street expenditures were allocated based on specific percentages developed by the City. The street expenditures were tested in total and all amounts charged to the TDA fund were found to be qualified street and road expenditures.

CITY OF RIO DELL

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

NOTE 5 - ADULT DAY HEALTH CARE PROGRAM:

During the year ended June 30, 2021, the City of Rio Dell incurred \$6,500 for transit costs related to the Adult Day Health Care Program. This matched the contract amount of \$6,500 per year for the year ended June 30, 2021. These funds are claimed under Article 8, Section 99400(c), and the City received \$6,500 in funds for this purpose during the 2020-21 fiscal year.

NOTE 6 - CONTRACTS WITH TRANSIT OPERATORS:

The City claims monies under Section 99400(c) of the Transportation Development Act. This section requires that the City have a contract with any entity providing transportation services to the City.

For the years ended June 30, 2021 and 2020, the City did obtain a formal contract agreement with the Adult Day Health Care, and was therefore in compliance with Section 99400(c) of the Transportation Development Act.

NOTE 7 - REQUIRED ANNUAL REPORT TO STATE CONTROLLER:

Section 99406 of the Public Utilities Code requires that entities file an annual report of expenditures of monies received for street and highway purposes with the State Controller's Office by the annual filing deadline for each fiscal year.

The annual report for the year ended June 30, 2021 was filed in accordance with the State Controller's office filing guidelines.

NOTE 8 - 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 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.

NOTE 9 - INTEREST INCOME APPORTIONMENT:

The City follows the practice of apportioning interest income amongst each respective fund as part of a quarterly journal entry. An appropriate amount of interest income was apportioned to the Transportation Fund for the year ended June 30, 2020. For the year ended June 30, 2021, this apportionment, in the amount of \$42, was missed and will be included with the current year apportionment.