

CITY OF RIO DELL

REPORT ON AUDIT OF THE TRANSPORTATION FUND

For the Year Ended June 30, 2024

CITY OF RIO DELL

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ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP

CERTIFIED PUBLIC ACCOUNTANTS

KEITH D. BORGES, CPA
BARBARA J. GUEST, CPA
DANIEL COLE, CPA
RITA CHISM
VANESSA ANDERSON, EA

1338 MAIN STREET
FORTUNA, CALIFORNIA 95540
(707) 725-4483 & (707) 725-4442
FAX: (707) 725-6340
Email: team@alsb.com
www.alsb.com

JAMES M. ANDERSON (1964-2001)
EUGENE B. LUCAS (1950-2013)
DAVID A. SOMERVILLE, INACTIVE

INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

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, 2024 and 2023 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the the Audit of the Financial Statements section of our report. We are required to be independent of the City of Rio Dell, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2024 and 2023, 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.

Responsibilities of Management 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, and for 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 for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Rio Dell's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

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, 2024
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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash (overdraft)	\$ 55,934	\$ (12,575)
Other receivables	860	72
TDA funds receivable	0	87,992
Prepaid expenses	<u>6,500</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 63,294</u>	<u>\$ 75,489</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 1,755	\$ 4,649
Accrued wages	<u>1,730</u>	<u>0</u>
Total Liabilities	<u>\$ 3,485</u>	<u>\$ 4,649</u>
Fund Balance:		
Restricted:		
ADHC Program	\$ 130	\$ 130
TDA Programs	<u>59,679</u>	<u>70,710</u>
Total Fund Balance	<u>\$ 59,809</u>	<u>\$ 70,840</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 63,294</u>	<u>\$ 75,489</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, 2024

With Comparative Amounts for the Year Ended June 30, 2023

	<u>2024</u>		Variance	
	<u>Budget</u>	<u>2024 Actual</u>	Favorable (Unfavorable)	<u>2023 Actual</u>
REVENUES				
Intergovernmental:				
TDA revenues	\$ 69,366	\$ 69,366	\$ 0	\$ 87,992
HTA assessment	49,937	49,937	0	47,557
ADHC claim	6,500	6,500	0	6,500
Interest	0	3,383	3,383	217
Other income	<u>0</u>	<u>361</u>	<u>361</u>	<u>0</u>
<u>Total</u>	<u>\$ 125,803</u>	<u>\$ 129,547</u>	<u>\$ 3,744</u>	<u>\$142,266</u>
EXPENDITURES				
HTA assessment	\$ 49,937	\$ 49,937	\$ 0	\$ 47,557
ADHC program	6,500	6,500	0	6,500
Street projects	63,238	84,141	(20,903)	67,648
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total</u>	<u>\$ 119,675</u>	<u>\$ 140,578</u>	<u>\$ (20,903)</u>	<u>\$121,705</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 6,128	\$ (11,031)	\$ (17,159)	\$ 20,561
FUND BALANCE - BEGINNING OF YEAR	70,840	70,840	0	50,279
PRIOR PERIOD ADJUSTMENT	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - END OF YEAR	\$ <u>76,968</u>	\$ <u>59,809</u>	\$ <u>(17,159)</u>	\$ <u>70,840</u>

See accompanying notes to financial statements.

CITY OF RIO DELL

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

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, 2024 and 2023, 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.

NOTE 5 - ADULT DAY HEALTH CARE PROGRAM:

During the year ended June 30, 2024, 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, 2024. These funds are claimed under Article 8, Section 99400(c), and the City received \$6,500 in funds for this purpose during the 2023-24 fiscal year.

CITY OF RIO DELL

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

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, 2024 and 2023, 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. However, the required financial and ridership reports, upon which the transit payments are to be made, while requested, have not yet been received.

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.

As of November 21, 2024 the date the financial statements were available to be issued, the annual report for the year ended June 30, 2024, has not yet been filed in accordance with the State Controller's office filing guidelines. It is expected that the report will be filed in early January 2025 ahead of the State Controller's office filing deadline.

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, 2024.