

**HUMBOLDT TRANSIT AUTHORITY
FINANCIAL STATEMENTS**

AND

**SUPPLEMENTARY
INFORMATION**

For the Year Ended June 30, 2011

HUMBOLDT TRANSIT AUTHORITY
Table of Contents
June 30, 2011 and 2010

Independent Auditors' Report

Financial Statements

Statements of Net Assets	Exhibit A
Statements of Revenues, Expenses, and Changes in Net Assets	Exhibit B
Statements of Cash Flows	Exhibit C
Notes to the Financial Statements	Exhibit D

Supplementary Information

Combining Schedule of Net Assets, June 30, 2011	Exhibit E
Combining Schedule of Revenues, Expenses, and Changes in Net Assets, Year Ended June 30, 2011	Exhibit F
Combining Schedule of Net Assets, June 30, 2010	Exhibit G
Combining Schedule of Revenues, Expenses, and Changes in Net Assets, Year Ended June 30, 2010	Exhibit H



ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP

C E R T I F I E D P U B L I C A C C O U N T A N T S

ART STEWART (1945-1964)
RICHARD RODRIGUE (1950-1985)
DAVID J. SOMERVILLE (1971-1982)
DONALD J. HARRIS (1962-1994)

1338 MAIN STREET
FORTUNA, CALIFORNIA 95540
(707)725-4483 & (707) 725-4442

Toll Free: 800-794-1643

FAX: (707) 725-6340

E-mail: team@alsb.com

www.alsb.com

DAVID A. SOMERVILLE, II
KEITH D. BORGES

KEVIN COLLIER

JAMES M. ANDERSON, *Inactive*
EUGENE B. LUCAS, *Inactive*

INDEPENDENT AUDITORS' REPORT

Board of Directors
Humboldt Transit Authority

We have audited the accompanying financial statements of the Humboldt Transit Authority as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Humboldt Transit Authority as of June 30, 2011 and 2010, and the results of its operations, cash flows and the changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Humboldt Transit Authority has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Humboldt Transit Authority taken as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was also made for the purpose of determining compliance with the Transportation Development Act Section 99260, 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 Section 6667 of the California Administrative Code.

As part of the audit, we performed testing of the following program:

Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). In November 2006, California voters passed a bond measure enacting the Highway Safety, Air Quality and Port Security Bond of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation, or replacement.

During the fiscal year ended June 30, 2010, the Authority applied for and received \$1,422,520 from the State's PTMISEA account for 1) rolling stock procurement, 2) bus shelter improvement and 3) a GPS tracking system. An additional \$170,887 for the GPS tracking system was received during the year ended June 30, 2011. As of June 30, 2011, PTMISEA funds received and expended were verified in the course of our audit as follows:

Year ended June 30, 2010

PTMISEA funds received 2009-10	\$ 1,422,520
Interest earned through June 30, 2010	<u>16,444</u>
Subtotal	\$ 1,438,964

Expenditures	
Engineering, Bus Shelter Improvement Project	<u>(45,178)</u>

Unexpended PTMISEA funds at June 30, 2010	<u>\$ 1,393,786</u>
---	---------------------

Year ended June 30, 2011

Unexpended PTMISEA funds at June 30, 2010	\$ 1,393,786
PTMISEA funds received 2010-11	170,887
Interest earned through June 30, 2011	<u>14,822</u>
Subtotal	\$ 1,579,495

Expenditures	
Engineering and Construction, Bus Shelter Improvement Project	(487,372)
Bus Procurement	(834,853)
GPS System Design	(82,176)
Remitted to City of Eureka	<u>(22,880)</u>
Subtotal	<u>(\$ 1,427,281)</u>

Unexpended PTMISEA funds at June 30, 2011	<u>\$ 152,214</u>
---	-------------------

In our opinion, except as discussed in Note 2, the funds described above were expended in conformance with the 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, LLP

Anderson, Lucas, Somerville & Borges

November 4, 2011
Fortuna, California

HUMBOLDT TRANSIT AUTHORITY
Statements of Net Assets
June 30, 2011 and 2010

ASSETS

	2011	2010
<u>Current Assets</u>		
<u>Cash and Cash Equivalents</u>		
On Hand and in Deposit Accounts	\$ 3,118,912	\$ 2,419,405
Restricted Cash	152,214	1,393,786
<u>Total Cash and Cash Equivalents</u>	3,271,126	3,813,191
Accounts Receivable	162,283	250,945
Interest Receivable	-	4,000
Employee Advances	8,244	1,960
Materials and Supplies Inventory (at cost)	185,274	177,737
Prepaid Expenses	6,811	8,009
<u>Total Current Assets</u>	3,633,738	4,255,842
Property, Plant and Equipment, Net	7,962,765	7,125,171
<u>TOTAL ASSETS</u>	\$ 11,596,503	\$ 11,381,013
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Trade Payables	\$ 159,774	\$ 205,653
Deferred Income	455,910	129,391
Deferred Income- Prop 1B PTMISEA	152,214	1,393,786
Accrued Payroll Liabilities	220,781	207,560
<u>Total Current Liabilities</u>	988,679	1,936,390
<u>Long-term Liabilities</u>		
Net OPEB Obligation	770,003	402,502
<u>Total Long-term Liabilities</u>	770,003	402,502
<u>Total Liabilities</u>	1,758,682	2,338,892
<u>Net Assets</u>		
Invested In Capital Assets, Net of Related Debt	7,962,765	7,124,972
<u>Restricted Net Assets (2010 as restated, see Note 1, Section I.)</u>		
Insurance Deductible Reserve	100,000	100,000
Equipment Acquisition	1,412,415	1,375,165
Retiree's Health Insurance	15,000	15,000
Earned Leave	19,145	19,145
<u>Total Restricted Net Assets</u>	1,546,560	1,509,310
<u>Unrestricted Net Assets (2010 as restated, see Note 1, Section I.)</u>	328,496	407,839
Total Net Assets	9,837,821	9,042,121
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 11,596,503	\$ 11,381,013

See accompanying notes to financial statements.

HUMBOLDT TRANSIT AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2011
With Comparative Amounts for the Year Ended June 30, 2010

	<u>Budget</u>	<u>2011 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2010 Actual</u>
<u>OPERATING REVENUES</u>				
Fares	\$ 1,011,383	\$ 1,062,750	51,367	\$ 1,041,056
Charter Services	-	-	-	-
Contract Transportation	887,894	887,894	-	887,894
Insurance Reimbursement - Eureka Transit System	36,687	3,342	(33,345)	27,845
Advertising	13,200	11,100	(2,100)	6,600
Total Operating Revenues	<u>1,949,164</u>	<u>1,965,086</u>	<u>15,922</u>	<u>1,963,395</u>
<u>OPERATING EXPENSES</u>				
Labor and Benefits	2,744,967	2,860,429	(115,462)	2,577,756
Professional Services	33,183	37,293	(4,110)	37,764
Purchased Transportation	96,729	116,427	(19,698)	115,617
Repairs, Supplies, & Maintenance	1,391,021	1,069,333	321,688	890,237
Casualty and Liability Insurance	159,545	70,377	89,168	139,159
Utilities	45,240	44,477	763	39,241
Leases and Rentals	30,636	29,670	966	26,689
Miscellaneous	32,621	20,384	12,237	49,359
Advertising	6,850	2,102	4,748	5,016
Travel and Transportation	12,850	4,053	8,797	14,879
Depreciation	-	740,414	(740,414)	718,021
Total Operating Expenses	<u>4,553,642</u>	<u>4,994,959</u>	<u>(441,317)</u>	<u>4,613,738</u>
OPERATING INCOME (LOSS)	<u>(2,604,478)</u>	<u>(3,029,873)</u>	<u>(425,395)</u>	<u>(2,650,343)</u>
<u>NONOPERATING REVENUES</u>				
Operating Grants				
TDA Assessments	1,670,693	1,520,693	(150,000)	1,514,680
Federal - FTA	720,870	460,435	(260,435)	400,000
Federal - ARRA	-	-	-	351,019
State Operating - STAF	-	63,874	63,874	-
Operating Grants to Others	-	-	-	(51,340)
Interest Income	28,000	21,968	(6,032)	19,768
Gain (Loss) on Disposal of Capital Assets	-	(39,258)	(39,258)	-
Miscellaneous	191,732	179,666	(12,066)	175,455
Total Nonoperating Revenues	<u>2,611,295</u>	<u>2,207,378</u>	<u>(403,917)</u>	<u>2,409,582</u>
CHANGE IN NET ASSETS BEFORE CAPITAL GRANTS	<u>6,817</u>	<u>(822,495)</u>	<u>(829,312)</u>	<u>(240,761)</u>
<u>CAPITAL GRANTS</u>				
Capital Grants:				
Federal - FTA	-	-	-	442,568
Federal - ARRA	-	6,388	6,388	212,874
State - Prop 1B PTMISEA	-	1,427,281	1,427,281	45,178
State - STAF	-	198,843	198,843	-
County "Murray Method" Grant	-	-	-	200,000
Capital Grants to Others	-	(22,880)	(22,880)	(305,754)
Total Capital Grants	<u>-</u>	<u>1,609,632</u>	<u>1,609,632</u>	<u>594,866</u>
CHANGE IN NET ASSETS	<u>6,817</u>	<u>787,137</u>	<u>780,320</u>	<u>354,105</u>
NET ASSETS, BEGINNING OF YEAR		<u>\$ 9,042,121</u>		<u>\$ 8,683,769</u>
PRIOR PERIOD ADJUSTMENT		<u>8,563</u>		<u>4,247</u>
NET ASSETS, END OF YEAR		<u>\$ 9,837,821</u>		<u>\$ 9,042,121</u>

See accompanying notes to financial statements.

HUMBOLDT TRANSIT AUTHORITY
Statements of Cash Flows
For the Year Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash Received from Customers	\$ 1,153,153	\$ 700,686
Cash Paid for Goods and Services	(1,407,076)	(1,227,691)
Cash Paid for Employees	(2,479,707)	(2,140,856)
Net Cash Provided (Used) by Operating Activities	(2,733,630)	(2,667,861)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>		
Operating Grant Revenue	2,005,744	2,214,359
Contract Transportation	887,894	887,894
Miscellaneous Revenue	179,666	175,455
Net Cash Provided by Non-capital Financing Activities	3,073,304	3,277,708
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Capital Grant Revenue	713,560	1,972,208
Acquisition of Property, Plant, and Equipment	(1,624,767)	(823,589)
Proceeds from Sale of Property, Plant, and Equipment	7,500	
Interest Paid on Long-term Debt	-	-
Principal Payments on Lease-Purchase Agreement	-	(1,021)
Net Cash Provided by Capital and Related Financing Activities	(903,707)	1,147,598
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on Investments	21,968	36,212
Loan Receivable	-	-
Net Cash Provided (Used) By Investing Activities	21,968	36,212
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	(542,065)	1,793,657
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	3,813,191	2,019,534
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<u>\$ 3,271,126</u>	<u>\$ 3,813,191</u>

See accompanying notes to financial statements.

HUMBOLDT TRANSIT AUTHORITY
Statements of Cash Flows
For the Year Ended June 30, 2011 and 2010

	2011	2010
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating Income (Loss)	(3,029,873)	(2,650,343)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation	740,414	718,021
Loss (Gain) on Sale of Capital Assets	39,258	-
Nonoperating Revenue (Included in Operating Income Total)	(887,894)	(887,894)
Changes in Assets and Liabilities		
(Increase) Decrease in Assets		
Receivables	(22,171)	(159,423)
Materials and Supplies Inventory	(7,537)	6,761
Prepaid Expenses	1,198	(1,001)
Increase (Decrease) in Liabilities		-
Accounts Payable and Accrued Expenses	(45,879)	84,510
Deferred Income	98,132	(215,392)
Net OPEB Obligation	367,501	402,502
Accrued Payroll Liabilities	13,221	34,398
Net Cash Provided (Used) By Operating Activities	(2,733,630)	(2,667,861)

See accompanying notes to financial statements.

HUMBOLDT TRANSIT AUTHORITY

EXHIBIT D

Notes to the Financial Statements

For the Year Ended June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Humboldt Transit Authority (HTA) is a public agency created on January 28, 1975 by a joint exercise of powers agreement between Humboldt County and the cities of Arcata, Eureka and Fortuna, later amended to include Rio Dell and Trinidad. The local transportation revenues are claimed by the parties to the agreement and, when approved by the Humboldt County Association of Governments, are paid out of the County of Humboldt's Local Transportation Trust Fund to the parties. The City of Eureka contracts with HTA to administer the Eureka Transit System and Eureka Dial-a-Ride paratransit service. HTA also contracts with Humboldt County to provide service from Arcata to Willow Creek, and to the Southern Humboldt area.

The parties to the agreement provided Local Transportation Funds to the Authority in the following ratio during the year ended June 30, 2011:

	<u>RTS</u>	<u>DAR/Lift Arcata McKinleyville</u>	<u>Willow Creek</u>	<u>So. Hum. Intercity</u>	<u>So. Hum. Local</u>
Arcata	13.1%	36%			
Eureka	25.6%				
Fortuna	8.1%				
Rio Dell	2.8%				
Trinidad	0.4%				
Humboldt Co.	<u>50.0%</u>	<u>64%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
	<u>100.0%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

The following is a schedule of Joint Powers Authority members' assessments:

	<u>RTS</u>	<u>DAR/Lift Arcata/ McKinleyville</u>	<u>Willow Creek</u>	<u>So. Hum. Intercity</u>	<u>So. Hum. Local</u>
Arcata	\$ 135,989	\$ 25,880			
Eureka	265,749				
Fortuna	84,085				
Rio Dell	29,066				
Trinidad	4,152				
Humboldt Co.	<u>519,042</u>	<u>46,008</u>	<u>\$160,722</u>	<u>\$274,347</u>	<u>\$125,653</u>
	<u>\$1,038,083</u>	<u>\$ 71,888</u>	<u>\$160,722</u>	<u>\$274,347</u>	<u>\$125,653</u>
Less refund to County			<u>(\$44,505)</u>	<u>(\$74,464)</u>	<u>(\$31,031)</u>
			<u>\$116,217</u>	<u>\$199,883</u>	<u>\$94,622</u>

Notes to the Financial Statements

For the Year Ended June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**B. Basis of Accounting**

The Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governmental entities are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Authority has elected to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds.

The Authority uses the accrual method of accounting. Under this method of accounting, revenues are recognized when they are earned and measurable and expenses are recognized when the related liabilities are incurred.

In June 1999, the Government Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statements include the following:

1. Financial statements prepared using full accrual accounting for all the District's activities;
2. A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Authority had elected to implement the general provisions of the Statement during the fiscal year ended June 30, 2005.

1. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector, namely the accrual method of accounting. Under this method, revenues are recognized when earned and measurable and expenses are recognized when the related liabilities are incurred.

The following is a description of the proprietary funds of the Authority.

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or c) established fees and charges based on a pricing policy designed to recover similar costs.

Notes to the Financial Statements

For the Year Ended June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**B. Basis of Accounting (continued)**

The District provides the following services which are accounted for in separate funds:

Transportation Services for:

RTS

AMRTS Maintenance

Willow Creek

Eureka Transit

Quail (discontinued in 2009-10)

Arcata DAR

Corridor DAR

Southern Humboldt – Intercity (began January 2010)

Southern Humboldt – Local (began January 2010)

C. Description of Services

The Authority began operations of the Redwood Transit System in August of 1976. As of June 30, 2011 the Authority operated fifteen runs, which cover the corridor between the cities of Trinidad to the North and Scotia to the South. Fares range from \$1.25 for senior citizens and the handicapped to \$2.50 for a basic fare.

HTA administers, through contracts with local cab companies, a Dial-A-Ride service for senior citizens, mobility impaired persons and those not able to utilize the regular transit system in Arcata, McKinleyville and Eureka. Effective January 1, 1981, Humboldt Transit Authority absorbed the Southern Humboldt Rural Transit System Service - "Quail." Quail provides elderly and handicapped transportation service in the corridor between Weott and Garberville, with service to the Fortuna/Eureka area. Quail was discontinued during the year ended June 30, 2010, as it was consistently unable to generate enough fare revenue to comply with the TDA required ratio of fare revenue to operating costs.

HTA, through a contract with the City of Eureka operates the Eureka Transit System and, beginning September 1, 1997, began administering the Eureka Dial-a-Ride paratransit service.

In December 2001, HTA contracted with the AMRT&S system to provide bus maintenance, fueling and parking at the HTA facility.

HTA contracted with the County of Humboldt to provide bus service from Arcata to Willow Creek beginning July 2001. HTA also contracted the County of Humboldt to provide bus service in the Southern Humboldt area beginning January 2010.

HUMBOLDT TRANSIT AUTHORITY

EXHIBIT D

Notes to the Financial Statements

For the Year Ended June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Property, Plant, and Equipment

The following is a summary of property, plant, and equipment, at cost, less accumulated depreciation:

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Buses	\$ 6,033,126	\$ 5,867,194
Other transportation equipment	1,440,576	1,426,072
Office equipment	477,231	473,863
Other equipment	1,667,144	1,534,493
Construction in Progress	82,176	0
Real Property - Land	1,933,087	1,933,087
- Buildings and Improvements	<u>3,119,501</u>	<u>2,606,033</u>
Subtotal	\$14,752,841	\$13,840,742
Less accumulated depreciation	<u>(6,790,076)</u>	<u>(6,715,571)</u>
Total property, plant and equipment	<u>\$ 7,962,765</u>	<u>\$ 7,125,171</u>
Property, Plant, and Equipment, Beginning	\$13,840,742	\$13,047,087
Capital Acquisitions	1,624,768	823,390
Sales/Dispositions	<u>(712,669)</u>	<u>(29,735)</u>
Property, Plant, and Equipment, Ending	<u>\$14,752,841</u>	<u>\$13,840,742</u>

Depreciation is calculated using the straight-line method with useful lives as follows:

Buses	3 - 10 years
Other transportation equipment	3 - 15 years
Office equipment	3 - 15 years
Other equipment	3 - 15 years
Buildings	30 years

E. Compensated Absences

HTA has accrued a liability for vacation pay earned as of June 30, 2011 and 2010, in the amount of \$138,294 and \$134,294, respectively.

No liability is recorded for accumulated sick pay, which at June 30, 2011 and 2010, was \$103,949 and \$105,517, respectively.

Notes to the Financial Statements

For the Year Ended June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Employee Retirement Plan

Plan Description

HTA contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the state of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. HTA selects optional benefits provisions from the benefit menu by contract with CalPERS and adopts those benefits through resolutions of its Board of Directors. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 7% of their annual covered salary, which HTA pays on their behalf. HTA is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rate if established and may be amended by CalPERS.

The required contribution for fiscal year 2009-10 was 10.175% and the required contribution for the year ending June 30, 2011 is 10.325%. The projected rate for the year ending June 30, 2012 is 11.380%.

Annual Pension Cost

For fiscal year 2010-11, HTA's annual pension cost of \$126,554 for CalPERS was equal to HTA's required and actual contributions. The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.75% to 14.45%. Both (a) and (b) included an inflation component of 3.0% and an annual payroll growth of 3.25%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15-year period (smoothed market value). HTA does not have an unfunded pension benefit obligation.

Three-Year Trend Information for CalPERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	98,101	100%	-0-
6/30/08	105,208	100%	-0-
6/30/09	114,754	100%	-0-

HUMBOLDT TRANSIT AUTHORITY
Notes to the Financial Statements
For the Year Ended June 30, 2011

EXHIBIT D

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Commitments

HTA is under contract with City Ambulance, Inc. for Dial-A-Ride and Dial a Lift service in the McKinleyville area. Payments to City Ambulance, Inc. under the contract for the 2011/12 fiscal year are \$11,667 per month.

The Authority has contracted with the City of Eureka through June 30, 2012 to administer and manage the City's Eureka Transit System. The latest contract renewal stipulates that any carryover from the ETS operation at the end of each year will be rolled over to assist with operating expenses for the following year. Any carryover at the end of the contract term will be returned to the City of Eureka once that amount has been confirmed by the annual performance audit.

HTA has contracted with an engineering firm in connection with a GPS system in the amount of \$402,095.

H. Allocations

During the year, the following Transportation Development Act (TDA), Article 4 funds were allocated to HTA:

	Operating Funds	Capital Funds
Redwood Transit System	\$1,038,083	\$ -0-
Arcata Dial-A-Ride	71,888	-0-
Willow Creek (net of \$44,505 returned to County)	116,217	-0-
Southern Humboldt – Intercity (net of \$74,464 returned to County)	199,883	-0-
Southern Humboldt – Local (net of \$31,031 returned to County)	94,622	-0-
Total TDA Funds (net of \$150,000 returned to County)	\$1,520,693	\$ -0-

I. Restricted Net Assets

During the fiscal year ended June 30, 2011, the Board of Directors restricted \$37,250 in Willow Creek unrestricted retained earnings for future bus acquisition. Additionally, both the \$151,502 restricted for future capital acquisitions for the now discontinued Quail service and book value of the former Quail bus were transferred to the Southern Humboldt Local service. Finally, both restricted and unrestricted net assets at June 30, 2010 were restated to reflect unspent 'Murray Method' funds totaling \$136,964 received during the fiscal year ended June 30, 2010. The funds are restricted for future capital acquisition.

Amounts restricted by the Board of Directors for the purposes of future bus acquisition, retiree health insurance, insurance reserve and earned leave are presented on the balance sheet as restricted cash totaling \$1,546,560 for the fiscal year ended June 30, 2011.

Restricted net assets indicate the portions net assets not appropriable for expenditures or amounts legally segregated for a specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

HUMBOLDT TRANSIT AUTHORITY**EXHIBIT D****Notes to the Financial Statements**

For the Year Ended June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**J. Cash and Cash Equivalents**

All highly liquid investments with a maturity date of three months or less when purchased are considered to be "cash equivalents."

At June 30, 2011, the Authority's cash balances included the following:

Petty cash	\$	83
Cash on deposit with County Treasury		3,102,940
Bank of America		<u>168,103</u>
		<u>\$ 3,271,126</u>

Cash on deposit with the County Treasury is part of an investment pool, all of which is invested in securities allowable under the California Government Code. All cash invested by the County in demand deposit accounts is collateralized to 110% with approved U.S. Government securities such as Treasury Bills and other U.S. Governmental agency issues.

Cash on deposit with Bank of America is FDIC insured up to \$250,000.

K. Grant Accounting

Grants, entitlements or shared revenues are recorded as non operating revenues when they are earned and are measurable.

L. Policy for Defining Operating and Nonoperating Revenues

Operating revenues consist of passenger fees for services and operating expenses consist of expenses related to providing such services. Non-operating revenues consist of other revenues and expenses such as interest, grants, and government support.

M. Policy for Applying Restricted/Unrestricted Resources

When an expense is incurred for which both restricted and unrestricted net assets are available, unrestricted resources are applied first.

N. 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.

Notes to the Financial Statements

For the Year Ended June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**O. Accounts Receivable**

The direct write-off method is used for recording bad debts relating to accounts receivable. Management believes the use of this method, which is not in accordance with generally accepted accounting principles, does not result in amounts that would be materially different if the allowance method was used.

P. Contingent Liabilities

The Authority participates in federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs have not been completed and the results analyzed by the grantor agencies. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

Q. Other Post-Employment Benefits**Plan Description**

In addition to the pension benefits described in F. above, HTA provides post-retirement health care benefits, in accordance with State statutes, to all retired employees with at least 5 years of service. The Authority's contribution percent ranges for eligible employees depend on factors such as date of hire and years of service and range from 50% to 100%. Dependent coverage is also provided, ranging from 50% to 95%.

Funding Policy

HTA's current policy is to contribute an amount sufficient to pay the current year's premiums. For the fiscal year ended June 30, 2011, the Authority contributed \$86,051, which covered current premiums, but did not include any additional prefunding of benefits. Currently, 13 retirees are receiving benefits.

Annual OPEB and Net OPEB Obligation

The Authority's annual other postemployment (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), and an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Authority's OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation.

HUMBOLDT TRANSIT AUTHORITY
Notes to the Financial Statements
For the Year Ended June 30, 2011

EXHIBIT D

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Other Post-Employment Benefits (Continued)

Annual OPEB and Net OPEB Obligation (Continued)

	<u>6/30/2011</u>	<u>6/30/2010</u>
Annual required contribution	\$ 453,552	\$ 453,552
Contributions made	<u>(86,051)</u>	<u>(51,050)</u>
Increase in net OPEB obligation	367,501	402,502
Net OPEB obligation, beginning of fiscal year	<u>402,502</u>	<u>0</u>
Net OPEB obligation, end of fiscal year	<u>\$ 770,003</u>	<u>\$ 402,502</u>
Percentage of Annual OPEB Cost Contribution	19%	11%

Related information for the preceding two years is not applicable, as this is the second year of the implementation of GASB Statement No. 45.

Funded Status and Funding Progress

As of February 1, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$4,762,716, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,762,716. The covered payroll (annual payroll of active employees covered by the plan) was \$1,501,234 and \$1,373,931, for the years ended June 30, 2011 and 2010, respectively. The ratio of the UAAL to the covered payroll was 32% and 29% for the years ended June 30, 2011 and 2010, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the February 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 5% investment rate of return, a projected salary increase assumption rate of 3%, and an annual healthcare cost trend rate of 4%. The actuarial value of assets is not applicable (no assets as of the initial valuation date). The UAAL is being amortized as a level percentage of payroll over 30 years.

HUMBOLDT TRANSIT AUTHORITY
Notes to the Financial Statements
For the Year Ended June 30, 2011

EXHIBIT D

NOTE 2. CONFORMITY WITH TDA REGULATIONS

Excess Operating Funds Received:

The following systems did not meet the compliance requirements of Section 6634 of the California Administrative Code dealing with TDA fund eligibility. Fund eligibility is determined by subtracting actual fare revenues, depreciation, and any federal operating funds received from operating expenses. This amount represents the maximum allowable TDA funding for operating expenses for the fiscal year ended June 30, 2011.

	<u>SoHum Local</u>	<u>Willow Creek</u>
Operating costs	\$ 150,631	\$ 223,199
Less depreciation	(5,763)	(15,432)
Less fare revenues	(10,820)	(40,939)
Less federal operating funds	<u>(41,146)</u>	<u>(68,705)</u>
Eligible amount	92,902	98,123
TDA funds received	125,653	160,722
TDA funds returned to County	<u>(31,031)</u>	<u>(44,505)</u>
TDA funds received, net	94,622	116,217
Excess TDA funds received	<u>\$ 1,720</u>	<u>\$ 18,094</u>

NOTE 3. FARE BOX RECOVERY RATIOS

Under Sections 6633.2 and 6633.5 of the Transportation Development Act regulations, the fixed route and demand response services must maintain specific fare box recovery ratios. Below is a calculation of the fare box recovery for Redwood Transit Service, Arcata Dial-a-Ride and Willow Creek service :

a) Section 6633.2 General Public Use

	<u>Redwood Transit System</u>
Fare Revenue	\$ 921,938
RTS Operating Costs	\$ 3,118,233
Depreciation	(715,772)
Less Charter Costs	<u>(1,575)</u>
Adjusted Operating Costs	\$ 2,400,886
Fare Box Recovery Ratio	<u>38.40%</u>
Required fare Box Recovery Ratio	26.40%

HUMBOLDT TRANSIT AUTHORITY
Notes to the Financial Statements
For the Year Ended June 30, 2011

EXHIBIT D

NOTE 3. FARE BOX RECOVERY RATIOS (Continued)

	<u>Willow Creek</u>
Fare Revenue	\$ 40,939
Operating Costs	\$ 223,199
Depreciation	<u>(15,432)</u>
Adjusted Operating Costs	\$ 207,767
Fare Box Recovery Ratio	<u>19.70%</u>
Required fare Box Recovery Ratio	10.00%

b) Section 6633.5 Services to Elderly/Handicapped

	<u>Arcata Dial a Ride</u>
Fare Revenue	\$ 29,033
Arcata Dial-a-Ride Operating Costs	\$ 101,655
Depreciation	<u>(00)</u>
Adjusted Operating Costs	\$ 101,655
Fare Box Recovery Ratio	<u>28.56%</u>
Required Fare Box Recovery Ratio	10.00%

	<u>Corridor DAR</u>
Fare Revenue	\$ 7,196
Arcata Dial-a-Ride Operating Costs	\$ 21,669
Depreciation	<u>(00)</u>
Adjusted Operating Costs	\$ 21,669
Fare Box Recovery Ratio	<u>33.21%</u>
Required Fare Box Recovery Ratio	10.00%

As mentioned in Note 1, the Southern Humboldt Intercity and Southern Humboldt Local routes began in January 2010. The TDA allows exemptions to the fare box recovery requirements for new routes for two years.

NOTE 4. RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority insures against such losses with an insurance policy issued through the California Transit Insurance Pool (CalTip), a joint powers insurance authority. The coverage includes general, automobile, and public officials' errors & omissions liability, as well as vehicle physical damage insurance to a total of \$40 million, with a deductible of \$50,000 per occurrence which HTA has restricted in fund equity as insurance reserves. HTA is not currently involved in litigation matters.

HUMBOLDT TRANSIT AUTHORITY**EXHIBIT D****Notes to the Financial Statements**

For the Year Ended June 30, 2011

**NOTE 5. CAPITAL GRANTS - PUBLIC TRANSPORTATION MODERNIZATION
IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT**

In November 2006, California voters passed a bond measure enacting the Highway Safety, Air Quality and Port Security Bond of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation, or replacement.

During the fiscal year ended June 20, 2010, the Authority applied for and received \$1,422,520 from the State's PTMISEA account for 1) rolling stock procurement, 2) bus shelter improvement and 3) a GPS tracking system. An additional \$170,887 for the GPS tracking system was received during the year ended June 30, 2011. As of June 30, 2011, PTMISEA funds received and expended were verified in the course of our audit as follows:

Year ended June 30, 2010

PTMISEA funds received 2009-10	\$ 1,422,520
Interest earned through June 30, 2010	<u>16,444</u>
Subtotal	\$ 1,438,964

Expenditures	
Engineering, Bus Shelter Improvement Project	<u>(45,178)</u>

Unexpended PTMISEA funds at June 30, 2010	<u>\$ 1,393,786</u>
---	---------------------

Year ended June 30, 2011

Unexpended PTMISEA funds at June 30, 2010	\$ 1,393,786
PTMISEA funds received 2010-11	170,887
Interest earned through June 30, 2011	<u>14,822</u>
Subtotal	\$ 1,579,495

Expenditures	
Engineering and Construction, Bus Shelter Improvement Project	(487,372)
Bus Procurement	(834,853)
GPS System Design	(82,176)
Remitted to City of Eureka	<u>(22,880)</u>
Subtotal	<u>(\$ 1,427,281)</u>

Unexpended PTMISEA funds at June 30, 2011	<u>\$ 152,214</u>
---	-------------------

HUMBOLDT TRANSIT AUTHORITY

EXHIBIT D

Notes to the Financial Statements

For the Year Ended June 30, 2011

NOTE 6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 4, 2011, the date the financial statements were available to be issued.

In October 2011 the Company received capital grant funds totaling \$493,056 from the California Department of Transportation through PTMISEA.

SUPPLEMENTARY INFORMATION

HUMBOLDT TRANSIT AUTHORITY
Combining Schedule of Net Assets
 June 30, 2011

EXHIBIT E

	ASSETS										TOTAL
	RTS	AMRTS MAINT.	WILLOW CREEK	ETS	QUAIL	ADAR	CORRIDOR DAR	SOHUM- INTERCITY	SOHUM- LOCAL	TOTAL	
Current Assets											
Cash and Cash Equivalents											
On Hand and in Deposit Accounts	\$ 2,497,117	\$ (13,653)	\$ 202,705	\$ 200,814	\$ (19,517)	\$ 31,988	\$ 9,244	\$ 43,196	\$ 167,018	\$ 3,118,912	
Restricted Cash	152,214	-	-	-	-	-	-	-	-	152,214	
Total Cash and Cash Equivalents	2,649,331	(13,653)	202,705	200,814	(19,517)	31,988	9,244	43,196	167,018	3,271,126	
Accounts Receivable	144,920	12,351	-	3,366	-	1,546	-	100	-	162,283	
Interest Receivable	-	-	-	-	-	-	-	-	-	-	
Employee Advances	8,244	-	-	17,239	-	328	-	-	-	8,244	
Materials and Supplies Inventory (at cost)	167,504	-	203	1,017	-	-	-	786	261	185,214	
Prepaid Expenses	4,087	112	548	1,017	-	-	-	44,082	167,279	6,811	
Total Current Assets	2,974,086	(1,190)	203,456	222,436	(19,517)	33,862	9,244	44,082	167,279	3,633,738	
Property, Plant and Equipment, Net	7,863,882	293	71,818	16,370	-	-	-	-	10,402	7,962,765	
TOTAL ASSETS	\$ 10,837,968	\$ (897)	\$ 275,274	\$ 238,806	\$ (19,517)	\$ 33,862	\$ 9,244	\$ 44,082	\$ 177,681	\$ 11,596,503	
			LIABILITIES AND NET ASSETS								
Current Liabilities											
Trade Payable	\$ 113,205	\$ 885	\$ 1,316	\$ 35,985	\$ -	\$ -	\$ 1,576	\$ 4,816	\$ 1,991	\$ 159,774	
Deferred Income	396,514	-	-	-	-	-	22,141	-	-	418,655	
Deferred Income- Prop JB PTM/ISEA	152,214	-	-	-	-	-	-	-	-	152,214	
Deferred Fare Revenue	37,255	-	-	-	-	-	-	-	-	37,255	
Accrued Payroll Liabilities	146,359	3,632	7,753	42,353	-	-	-	14,434	6,250	220,781	
Total Current Liabilities	845,547	4,517	9,069	78,338	-	-	23,717	19,250	8,241	988,679	
Long-Term Liabilities											
Net OPEB Obligation	465,305	-	45,356	259,342	-	-	-	-	-	770,003	
Total Long-Term Liabilities	465,305	-	45,356	259,342	-	-	-	-	-	770,003	
Total Liabilities	1,310,852	4,517	54,425	337,680	-	-	23,717	19,250	8,241	1,758,682	
Invested in Capital Assets, Net of Related Debt	7,863,882	293	71,818	16,370	-	-	-	-	10,402	7,962,765	
Restricted Net Assets											
Insurance Deductible Reserve	100,000	-	-	-	-	-	-	-	-	100,000	
Equipment Acquisition	1,110,193	-	150,721	-	-	-	-	-	151,501	1,412,415	
Retiree's Health Insurance	15,000	-	-	-	-	-	-	-	-	15,000	
Earned Leave	19,145	-	-	-	-	-	-	-	-	19,145	
Total Restricted Net Assets	1,244,338	-	150,721	-	-	-	-	-	151,501	1,546,560	
Unrestricted Net Assets											
Total Net Assets	9,527,116	(5,414)	220,849	(98,874)	(19,517)	33,862	(14,473)	24,832	7,537	9,837,871	
TOTAL LIABILITIES AND NET ASSETS	\$ 10,837,968	\$ (897)	\$ 275,274	\$ 238,806	\$ (19,517)	\$ 33,862	\$ 9,244	\$ 44,082	\$ 177,681	\$ 11,596,503	

HUMBOLDT TRANSIT AUTHORITY
 Combining Schedule of Revenues, Expenses, and Changes in Net Assets
 For the Year Ended June 30, 2011

	RTS	AMRTS MAINT.	WILLOW CREEK	ETS	QUAIL	ADAR	CORRIDOR DAR	SOHUM- INTERCITY	SOHUM- LOCAL	TOTAL
OPERATING REVENUES										
Fares	\$ 921,938	\$ 817	\$ 46,939	\$ -	\$ -	\$ 29,033	\$ 7,196	\$ 52,006	\$ 10,821	\$ 1,062,750
Contract Transportation	27,000	86,520	-	774,374	-	-	-	-	-	887,894
Warranty/Insurance Reimbursement - Advertising	2,134	1,208	-	-	-	-	-	-	-	3,342
Total Operating Revenues	11,100	88,545	40,939	774,374	-	29,033	7,196	52,006	10,821	1,100
962,172										1,965,086
OPERATING EXPENSES										
Labor and Benefits	1,706,984	51,972	141,251	651,464	667	4,841	1,032	209,321	92,897	2,860,429
Professional Services	22,608	430	610	11,402	-	1,000	-	928	315	37,293
Purchased Transportation	-	-	-	-	-	95,790	20,637	-	-	116,427
Repairs, Supplies, & Maintenance	592,825	101,431	55,593	165,968	1,100	-	-	113,008	39,408	1,069,333
Casualty and Liability Insurance	31,820	1,245	2,525	16,194	-	-	-	12,577	6,016	70,377
Utilities	27,179	2,229	2,955	5,480	2	4	-	4,829	1,799	44,477
Leases and Rentals	4,536	5,596	3,250	9,576	-	-	-	3,514	3,198	29,670
Interest Expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous	11,851	794	1,533	2,860	-	20	-	2,419	907	20,384
Advertising	1,070	-	-	-	-	-	-	767	265	2,102
Travel and Transportation	3,588	-	50	87	-	-	-	265	63	4,053
Depreciation	715,772	206	15,432	3,241	-	-	-	740,414	5,763	1,465,628
Total Operating Expenses	3,118,233	163,903	223,199	866,272	1,769	101,655	21,669	347,628	150,631	4,994,959
OPERATING INCOME (LOSS)	(2,156,061)	(75,358)	(182,260)	(91,898)	(1,769)	(72,622)	(14,473)	(295,622)	(139,810)	(3,029,873)
NONOPERATING REVENUES										
Operating Grants	1,038,083	-	166,722	-	-	71,888	-	274,347	125,653	1,676,693
TDA Assessments	-	-	(44,505)	-	-	-	-	(74,464)	(31,031)	(150,000)
Excess TDA Assessments Repaid	260,435	-	68,705	-	-	-	-	90,149	41,146	460,435
Federal - FTA	-	-	-	-	-	-	-	-	-	-
Federal - ARRA	26,015	-	-	-	-	-	-	37,859	-	63,874
State Operating - STAF	-	-	-	-	-	-	-	-	-	-
Operating Grants to Others	21,968	-	-	-	-	-	-	-	-	21,968
Interest Income	(39,258)	-	-	-	-	-	-	-	-	(39,258)
Loss on Disposal of Capital Assets	107,077	69,141	-	2,480	-	-	-	719	249	179,666
Miscellaneous	1,414,330	69,141	184,922	2,480	-	71,888	37,859	290,751	136,017	2,207,378
Total Nonoperating Revenues	(741,741)	(6,217)	2,662	(89,418)	(1,769)	(734)	23,386	(4,871)	(3,793)	(822,495)
CHANGE IN NET ASSETS BEFORE CAPITAL GRANTS										
CAPITAL GRANTS										
Capital Grants:										
Federal - FTA	6,388	-	-	-	-	-	-	-	-	6,388
Federal - ARRA	1,427,281	-	-	-	-	-	-	-	-	1,427,281
State - Prop IB PTMISEA	198,843	-	-	-	-	-	-	-	-	198,843
State - STAF	-	-	-	-	-	-	-	-	-	-
County	(22,880)	-	-	-	-	-	-	-	-	(22,880)
Capital Grants to Others	1,609,632	-	-	-	-	-	-	-	-	1,609,632
Total Capital Grants	867,891	(6,217)	2,662	(89,418)	(1,769)	(734)	23,386	(4,871)	(3,793)	787,137
CHANGE IN NET ASSETS	\$ 8,659,225	\$ (7,760)	\$ 218,187	\$ (9,456)	\$ 149,918	\$ 34,596	\$ (37,859)	\$ 29,703	\$ 5,567	\$ 9,042,121
NET ASSETS, BEGINNING OF YEAR										
TRANSFER										
PRIOR PERIOD ADJUSTMENT			8,563							8,563
NET ASSETS, END OF YEAR	\$ 9,577,116	\$ (5,414)	\$ 220,849	\$ (98,874)	\$ (19,517)	\$ 33,862	\$ (14,473)	\$ 24,832	\$ 169,440	\$ 9,837,821

HUMBOLDT TRANSIT AUTHORITY
 Combining Schedule of Net Assets
 June 30, 2010

	ASSETS										TOTAL
	RTS	AMRTS MAINT.	WILLOW CREEK	ETS	QUAIL	ADAR	CORRIDOR DAR	SOHUM- INTERCITY	SOHUM- LOCAL		
Current Assets											
Cash and Cash Equivalents											
On Hand and in Deposit Accounts	\$ 1,936,292	\$ (7,531)	\$ 123,914	\$ 176,707	\$ 132,293	\$ 66,923	\$ (32,105)	\$ 18,317	\$ 4,595	\$ 2,419,405	
Restricted Cash	1,393,786	(7,531)	123,914	176,707	132,293	66,923	(32,105)	18,317	4,595	1,393,786	
Total cash and cash equivalents	<u>3,330,078</u>									<u>3,813,191</u>	
Accounts Receivable	165,560	8,780	38,462	3,200	2,130	2,153	-	23,701	6,960	250,946	
Interest Receivable	4,000	-	-	-	-	-	-	-	-	4,000	
Employee Advances	1,959	-	-	-	-	-	-	-	-	1,959	
Materials and Supplies Inventory (at cost)	177,737	-	-	-	-	-	-	-	-	177,737	
Prepaid Expenses	8,009	-	-	-	-	-	-	-	-	8,009	
Total Current Assets	<u>3,687,343</u>	<u>1,249</u>	<u>162,376</u>	<u>179,907</u>	<u>134,423</u>	<u>69,076</u>	<u>(32,105)</u>	<u>42,018</u>	<u>11,555</u>	<u>4,255,842</u>	
Property, Plant and Equipment											
Tangible Transit Operating Property	3,345,629	13,629	21,426	45,096	61,950	-	-	-	-	3,487,730	
Acquired with Operator Funds											
Tangible Transit Operating Property	10,221,025	-	131,987	-	-	-	-	-	-	10,353,012	
Acquired with Grant Funds											
Less Accumulated Depreciation of											
Tangible Transit Operating Property	(1,523,320)	(13,130)	(11,628)	(25,485)	(45,785)	-	-	-	-	(1,619,348)	
Acquired with Operator Funds											
Less Accumulated Depreciation of											
Tangible Transit Operating Property	(5,041,690)	-	(54,533)	-	-	-	-	-	-	(5,096,223)	
Acquired with Grant Funds											
Total Property, Plant and Equipment	<u>7,001,644</u>	<u>499</u>	<u>87,252</u>	<u>19,611</u>	<u>16,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,125,171</u>	
Other Assets											
Deposits											
TOTAL ASSETS	<u>\$ 10,688,987</u>	<u>\$ 1,748</u>	<u>\$ 249,628</u>	<u>\$ 199,518</u>	<u>\$ 150,588</u>	<u>\$ 69,076</u>	<u>\$ (32,105)</u>	<u>\$ 42,018</u>	<u>\$ 11,555</u>	<u>\$ 11,381,013</u>	

HUMBOLDT TRANSIT AUTHORITY
 Combining Schedule of Net Assets
 June 30, 2010

LIABILITIES AND NET ASSETS

	RTS	AMRTS MAINT.	WILLOW CREEK	ETS	QUAIL	ADAR	CORRIDOR DAR	SOHUM- INTERCITY	SOHUM- LOCAL	TOTAL
Current Liabilities										
Trade Payable	\$ 124,719	\$ 6,411	\$ 1,586	\$ 39,337	\$ 16	\$ 23,478	\$ 5,754	\$ 3,206	\$ 1,146	\$ 205,653
Deferred Income	-	-	-	-	-	11,002	-	-	-	11,002
Deferred Income- Prop 1B PTMISEA	1,393,786	-	-	-	-	-	-	-	-	1,393,786
Accrued Payroll Liabilities	118,389	-	-	-	-	-	-	-	-	118,389
Accrued Payroll Liabilities	144,837	3,097	7,177	37,824	654	-	-	9,109	4,842	207,560
Total Current Liabilities	1,781,751	9,508	8,763	77,161	670	34,480	5,754	12,315	5,988	1,936,390
Long-Term Liabilities										
Net OPEB Obligation	248,011	-	22,678	131,813	-	-	-	-	-	402,502
Total Long-Term Liabilities	248,011	-	22,678	131,813	-	-	-	-	-	402,502
Total Liabilities	2,029,762	9,508	31,441	208,974	670	34,480	5,754	12,315	5,988	2,338,892
Net Assets										
Grant Investment in Capital Assets	8,141,013	-	92,908	-	-	-	-	-	-	8,233,921
Capital Grants - Federal	2,076,253	-	39,079	-	-	-	-	-	-	2,115,332
Capital Grants - State	3,560	-	-	-	-	-	-	-	-	3,560
Capital Grants - Local	(5,041,690)	-	(54,533)	-	-	-	-	-	-	(5,096,223)
Less Accumulated Depreciation	5,179,136	-	77,454	-	-	-	-	-	-	5,256,590
Net Contributed Capital	3,345,629	13,629	21,426	45,096	61,950	-	-	-	-	3,487,730
Less Accumulated Depreciation	(1,523,320)	(13,130)	(11,628)	(25,485)	(45,785)	-	-	-	-	(1,619,348)
Authority Investment in Capital Assets	1,822,309	499	9,798	19,611	16,165	-	-	-	-	1,868,382
Capital Assets Invested in										
Capital Assets	7,001,445	499	87,252	19,611	16,165	-	-	-	-	7,124,972
Restricted Net Assets										
Insurance Deductible Reserve	100,000	-	-	-	-	-	-	-	-	100,000
Equipment Acquisition	973,229	-	113,471	-	-	-	-	-	-	1,238,201
Retiree's Health Insurance	15,000	-	-	-	-	-	-	-	-	15,000
Earned Leave	19,145	-	-	-	-	-	-	-	-	19,145
Total Restricted Net Assets	1,107,374	-	113,471	-	151,501	-	-	-	-	1,372,346
Unrestricted Net Assets	550,406	(8,259)	17,464	(29,067)	(17,748)	34,596	(37,859)	29,703	5,567	544,803
Total Net Assets	8,659,225	(7,760)	218,187	(9,456)	149,918	34,596	(37,859)	29,703	5,567	9,042,121
TOTAL LIABILITIES AND NET ASSETS	\$ 10,688,987	\$ 1,748	\$ 249,628	\$ 199,518	\$ 150,588	\$ 69,076	\$ (32,105)	\$ 42,018	\$ 11,555	\$ 11,381,013

HUMBOLDT TRANSIT AUTHORITY
Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2010

EXHIBIT H

	RTS	AMRTS MAINT.	WILLOW CREEK	ETS	QUAIL	ADAR	CORRIDOR DAR	SOHUM- INTERCITY	SOHUM- LOCAL	TOTAL
OPERATING REVENUES										
Fares	\$ 940,999	\$ -	\$ 38,954	\$ -	\$ 3,849	\$ 27,700	\$ 8,016	\$ 18,135	\$ 3,403	\$ 1,041,056
Contract Transportation	27,000	86,520	-	774,374	-	-	-	-	-	887,894
Warranty/Insurance Reimbursement - Advertising	-	-	-	27,845	-	-	-	-	-	27,845
	6,600	-	-	-	-	-	-	-	-	6,600
Total Operating Revenues	974,599	86,520	38,954	802,219	3,849	27,700	8,016	18,135	3,403	1,963,395
OPERATING EXPENSES										
Labor and Benefits	1,576,727	52,169	129,318	630,468	31,114	4,746	107	100,009	53,098	2,577,756
Professional Services	24,401	192	279	10,676	49	1,000	-	874	293	37,764
Purchased Transportation	-	-	-	-	-	93,912	21,705	-	-	115,617
Repairs, Supplies, & Maintenance	550,817	86,023	45,472	149,377	5,602	-	-	38,431	14,515	890,237
Casualty and Liability Insurance	101,812	1,529	5,377	26,011	4,430	-	-	-	-	139,159
Utilities	26,077	2,091	2,984	4,930	463	-	-	1,995	701	39,241
Leases and Rentals	4,959	5,574	3,186	9,397	145	-	-	1,816	1,612	26,689
Interest Expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous	42,657	478	1,470	2,671	166	-	-	1,424	493	49,359
Advertising	4,394	-	-	-	16	-	-	271	335	5,016
Travel and Transportation	11,123	601	741	1,225	127	-	-	646	416	14,879
Capital Equipment Purchases	-	-	-	-	-	-	-	-	-	-
Depreciation	694,871	207	14,829	2,351	5,763	-	-	-	-	718,021
Total Operating Expenses	3,037,838	148,864	203,656	837,106	47,875	99,658	21,812	145,466	71,463	4,613,738
OPERATING INCOME (LOSS)	(2,063,239)	(62,344)	(164,702)	(34,887)	(44,026)	(71,958)	(13,796)	(127,331)	(68,060)	(2,650,343)
NONOPERATING REVENUES										
Operating Grants										
TDA Assessments	1,038,083	-	160,722	-	34,914	80,961	-	133,333	66,667	1,514,680
Federal - FTA	400,000	-	-	-	-	-	-	-	-	400,000
Federal - ARRA	240,487	-	26,401	51,340	2,130	-	-	23,701	6,960	351,019
Operating Grants to Others	-	-	-	(51,340)	-	-	-	-	-	(51,340)
Interest Income	19,768	-	-	-	-	-	-	-	-	19,768
Miscellaneous	101,002	53,782	-	20,671	-	-	-	-	-	175,455
Total Nonoperating Revenues	1,799,340	53,782	187,123	20,671	37,044	80,961	-	157,034	73,627	2,409,582
CHANGE IN NET ASSETS BEFORE CAPITAL GRANTS & ADJUSTMENTS	(263,899)	(8,562)	22,421	(14,216)	(6,982)	9,003	(13,796)	29,703	5,567	(240,761)
CAPITAL GRANTS										
Capital Grants:										
Federal - FTA	442,568	-	-	-	-	-	-	-	-	442,568
Federal - ARRA	200,813	-	12,061	-	-	-	-	-	-	212,874
State - Prop 1B PTM/ISEA	45,178	-	-	-	-	-	-	-	-	45,178
County	200,000	-	-	-	-	-	-	-	-	200,000
Capital Grants to Others	(305,754)	-	-	-	-	-	-	-	-	(305,754)
Total Capital Grants	582,805	-	12,061	-	-	-	-	-	-	594,866
CHANGE IN NET ASSETS BEFORE ADJUSTMENTS	\$ 318,906	\$ (8,562)	\$ 34,482	\$ (14,216)	\$ (6,982)	\$ 9,003	\$ (13,796)	\$ 29,703	\$ 5,567	\$ 354,105
NET ASSETS, BEGINNING OF YEAR	\$ 8,340,319	\$ (19,699)	\$ 183,705	\$ 21,015	\$ 156,900	\$ 25,593	\$ (24,063)	\$ -	\$ -	\$ 8,683,770
PRIOR PERIOD ADJUSTMENT		20,501		(16,255)						4,246
NET ASSETS, END OF YEAR	\$ 8,659,225	\$ (7,760)	\$ 218,187	\$ (9,456)	\$ 149,918	\$ 34,506	\$ (37,859)	\$ 29,703	\$ 5,567	\$ 9,042,121