

**HUMBOLDT / DEL NORTE HAZARDOUS
MATERIALS RESPONSE AUTHORITY
OF THE CITY OF EUREKA**

**BASIC FINANCIAL STATEMENTS
June 30, 2007**

HUMBOLDT/DEL NORTE HAZARDOUS MATERIALS RESPONSE AUTHORITY
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For the fiscal year ended June 30, 2007

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HUMBOLDT/DEL NORTE HAZARDOUS MATERIALS RESPONSE AUTHORITY
Eureka, California

June 30, 2007

BOARD OF DIRECTORS

ARCATA

Michael Machi

Alternate: Paul Petino

BLUE LAKE

Mike Fallor

Alternate: Vacant

CRESCENT CITY

Steve Wakefield

Alternate: Vacant

DEL NORTE COUNTY

Dale Watson

Alternate: Leon Perrault

EUREKA

Virginia Bass

Alternate: Vacant

FERNDALE

Jay Parrish

Alternate: Jeff Farley

HUMBOLDT COUNTY

Jill Geist

Alternate: Roger Rodoni

RIO DELL

Julie Woodall

Alternate: Eli Naffa

TRINIDAD

Vacant

Alternate: Chi Li Lin

531 K Street
Eureka, CA 95501-1165
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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS:
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CRAIG A. HARTZHEIM, C.P.A.
HADLEY Y. HUI, C.P.A.
CONSULTANT:
ROBERT M. MOSS (Retired C.P.A.)

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Humboldt/Del Norte Hazardous Materials Response Authority
of the City of Eureka
Eureka, California

We have audited the accompanying financial statements of the governmental activities and the major fund of the Humboldt/Del Norte Hazardous Materials Response Authority (Authority), a component unit of the City of Eureka, as of and for the fiscal year ended June 30, 2007, which collectively comprise the Authority's basic financial statements 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 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 as to 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 the 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 respective financial position of the governmental activities and the major fund of the Humboldt/Del Norte Hazardous Materials Response Authority as of June 30, 2007, and the respective changes in the financial position, thereof, and the respective budgetary comparison for the General Fund for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Authority has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Beverly Hills, California
December 15, 2007

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HUMBOLDT/DEL NORTE HAZARDOUS MATERIALS RESPONSE AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2007

	<u>Governmental Activities</u>
ASSETS	
Cash, cash equivalents, and investments	\$ 93,273
Accounts receivable	<u>1,375</u>
Total assets	<u>94,648</u>
 NET ASSETS	
Unrestricted	<u>94,648</u>
Total net assets	<u>\$ 94,648</u>

See accompanying notes to financial statement

HUMBOLDT/DEL NORTE HAZARDOUS MATERIALS RESPONSE AUTHORITY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Contributions and Grants	
Governmental Activities:				
Public safety	\$ 60,928	\$ -	\$ 60,928	\$ -
Total Governmental Activities	<u>60,928</u>		<u>60,928</u>	
General Revenues:				
Investment income (loss)				5,188
Total general revenues				<u>5,188</u>
Change in net assets				5,188
Net assets at beginning of fiscal year				<u>89,460</u>
Net assets at end of fiscal year				<u>\$ 94,648</u>

See accompanying notes to financial statement

HUMBOLDT/DEL NORTE HAZARDOUS MATERIALS RESPONSE AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2007

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 93,273
Accounts receivable	<u>1,375</u>
Total assets	<u>94,648</u>
 LIABILITIES AND FUND BALANCE	
Fund balance:	
Unreserved:	
Designated for equipment replacement	\$ 44,000
Designated for vehicle replacement	19,242
Undesignated	<u>31,406</u>
Total fund balance	<u>\$ 94,648</u>

See accompanying notes to financial statement

**HUMBOLDT/DEL NORTE HAZARDOUS MATERIALS RESPONSE AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the fiscal year ended June 30, 2007**

	<u>General Fund</u>
REVENUES	
Intergovernmental	\$ 60,928
Investment income	5,188
Total revenues	<u>66,116</u>
EXPENDITURES	
Public safety	<u>60,928</u>
Total expenditures	<u>60,928</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,188
FUND BALANCE	
Beginning of fiscal year	<u>89,460</u>
End of fiscal year	<u>\$ 94,648</u>

See accompanying notes to financial statement

**HUMBOLDT/DEL NORTE HAZARDOUS MATERIALS RESPONSE AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2007**

	Original and Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 60,928	\$ 60,928	\$ -
Investment income		5,188	5,188
Total revenues	<u>60,928</u>	<u>66,116</u>	<u>5,188</u>
EXPENDITURES			
Public safety	<u>68,928</u>	<u>60,928</u>	<u>8,000</u>
Total expenditures	<u>68,928</u>	<u>60,928</u>	<u>8,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			
	(8,000)	5,188	13,188
FUND BALANCES			
Beginning of fiscal year	<u>89,460</u>	<u>89,460</u>	
End of fiscal year	<u>\$ 81,460</u>	<u>\$ 94,648</u>	<u>\$ 13,188</u>

See accompanying notes to financial statement

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HUMBOLDT/DEL NORTE HAZARDOUS MATERIALS RESPONSE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Humboldt/Del Norte Hazardous Materials Response Authority (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (USGAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The Authority was created on June 14, 1994, as a separate legal entity by a joint powers agreement between the counties of Humboldt and Del Norte, and the cities of Eureka, Crescent City, Arcata, Blue Lake, Rio Dell and Trinidad. The City of Ferndale was added in fiscal year 2003-04. The purpose of the agreement was to provide unified, coordinated, and effective means to assist in formulating, administering, implementing, and maintaining an area-wide hazardous materials response team. The governing body is a Board of Directors (Board) consisting of one member and an alternate from each of the participants. The Fire Chief of the City of Eureka oversees the management and operational functions of the participants who report to and are responsible to the Board of Directors.

To date, the primary source of revenue of the Authority is participant contributions. The contributions are determined based on the population of the individual participant in relation to the total population of the participants' jurisdictions combined.

The Authority provides funds for training, materials and services, and capital expenditures. Monies are expended to reimburse the City of Eureka for the costs of the operation and maintenance of the Hazardous Materials Response Team. The Authority also charges for individual hazardous material responses and special training sessions. These revenues are received by the City of Eureka to offset the costs of the Hazmat Response Team, the Eureka Fire Department, and the associated administrative costs.

B. Government-wide Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information about the primary government. These statements include the financial activities of the overall Authority.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

HUMBOLDT/DEL NORTE HAZARDOUS MATERIALS RESPONSE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting.

D. Assets, Liabilities, Net Assets, Fund Balance

Cash – The authority participates in the City of Eureka’s cash and investment pool. In accordance with Government Accounting Standards Board Statement No. 31, investments in this pool are stated at fair value. See the City of Eureka’s Comprehensive Annual Financial Report for more information about cash and investment risk.

Net Assets and Fund Balance – In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net or related debt; restricted net assets, and unrestricted net assets. All net assets of the Authority are unrestricted.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Undesignated fund balance represents that portion of fund balance which is available for budgeting in future periods. The entire fund balance of the Authority is unreserved.

E. Estimates

The preparation of financial statements in conformity with USGAAP 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 revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

HUMBOLDT/DEL NORTE HAZARDOUS MATERIALS RESPONSE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

General Budget Policies

On or before April 1 of each year, the head of the Hazmat Response Team (City of Eureka fire chief) submits a budget for review and hearing. By May 1, the Board adopts the budget and appropriates the expenditures. Expenditures may not exceed budgeted appropriations without Board approval. All annual appropriations lapse at year-end.

NOTE 3 – SCHEDULE OF INTERGOVERNMENTAL CONTRIBUTIONS

The following is a schedule of actual intergovernmental contributions by participants for the fiscal year ended June 30, 2007 and 2006.

Participants	2007 Percent	2007 Contributions	2006 Contributions
Humboldt County	46.4%	\$ 28,250	\$ 29,295
City of Arcata	11.3%	6,885	7,140
City of Blue Lake	0.9%	522	541
City of Eureka	19.0%	11,580	12,008
City of Rio Dell	2%	1,235	1,281
City of Trinidad	.2%	150	156
Del Norte County	13.6%	8,304	8,611
Crescent City	5.6%	3,422	3,548
City of Ferndale	1%	580	601
Total	<u>100%</u>	<u>\$ 60,928</u>	<u>\$ 63,181</u>