

**CITY OF BLUE LAKE**

**REPORT ON AUDIT OF THE  
TRANSPORTATION FUND**

For the Year Ended June 30, 2022

**CITY OF BLUE LAKE**

**TABLE OF CONTENTS**

June 30, 2022

	<b>PAGE</b>
Independent Auditors' Report	1 - 3
Comparative Balance Sheet - Section 99400(a) and Recorded in the Transportation Fund	4
Comparative Balance Sheet - Section 99400(c) and Recorded in the Transportation Fund	5
Statement of Revenues, Expenditures and Changes in Fund Balance - Section 99400(a) and Recorded in the Transportation Fund	6
Statement of Revenues, Expenditures and Changes in Fund Balance - Section 99400(c) and Recorded in the Transportation Fund	7
Notes to Financial Statements	8



# 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](mailto:team@alsb.com)

[www.alsb.com](http://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 Blue Lake as of and for the years ended June 30, 2022 and 2021, 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 Blue Lake as of June 30, 2022 and 2021 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 Blue Lake, 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 Blue Lake as of June 30, 2022 and 2021, 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 Blue Lake'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, 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*

February 10, 2023  
Fortuna, California

CITY OF BLUE LAKE  
TRANSPORTATION DEVELOPMENT ACT FUNDS

COMPARATIVE BALANCE SHEET

Pertaining to Section 99400(a) and 99262 of the Public Utilities Code  
Recorded in the Transportation Fund

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash (overdraft)	\$ 0	\$ (8,522)
Interest receivable	11	0
TDA receivable	<u>0</u>	<u>12,125</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>11</u></b>	<b>\$ <u>3,603</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 0	\$ 0
Deferred revenue	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>
Fund Balance		
Restricted:		
Streets	<u>11</u>	<u>3,603</u>
Total Fund Balance	<u>11</u>	<u>3,603</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ <u>11</u></b>	<b>\$ <u>3,603</u></b>

See accompanying notes to financial statements.

CITY OF BLUE LAKE  
TRANSPORTATION DEVELOPMENT ACT FUNDS

COMPARATIVE BALANCE SHEET

Pertaining to Section 99400(c) of the Public Utilities Code  
Recorded in the Transportation Fund

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash (overdraft)	\$ 4,160	\$ 3,655
Interest receivable	12	5
TDA receivable	<u>0</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,172</u></b>	<b><u>\$ 3,660</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>		
Accounts payable	\$ 2,750	\$ 2,750
Deferred revenues - Bus Shelter	<u>0</u>	<u>0</u>
Total Liabilities	<u>2,750</u>	<u>2,750</u>
Fund balance		
Restricted:		
Transportation	<u>1,422</u>	<u>910</u>
Total Fund Balance	<u>1,422</u>	<u>910</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 1,422</u></b>	<b><u>\$ 3,660</u></b>

See accompanying notes to financial statements.

CITY OF BLUE LAKE  
TRANSPORTATION DEVELOPMENT ACT FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

Pertaining to Section 99400(a) and 99262 of the Public Utilities Code  
Recorded in the Transportation Fund

For the Year Ended June 30, 2022

With Comparative Amounts for the Year Ended June 30, 2021

	2022		Variance	2021
	Budget	2022 Actual	Favorable (Unfavorable)	Actual
<b>REVENUES</b>				
Intergovernmental:				
Allocations TDA (Streets)	\$ 12,175	\$ 9,282	\$ (2,893)	\$ 12,125
Interest income	<u>7</u>	<u>15</u>	<u>8</u>	<u>8</u>
<u>Total</u>	<u>12,182</u>	<u>9,297</u>	<u>(2,885)</u>	<u>12,133</u>
<b>EXPENDITURES</b>				
Expense transfers for street maintenance	\$ 15,786	\$ 12,889	\$ 2,897	\$12,125
Capital outlay-Bus Shelter	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total</u>	<u>15,786</u>	<u>12,889</u>	<u>2,897</u>	<u>12,125</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ (3,604)</b>	<b>\$ (3,592)</b>	<b>\$ 12</b>	<b>\$ 8</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>3,603</b>	<b>3,603</b>	<b>0</b>	<b>3,595</b>
<b>TRANSFER OUT</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ <u>(1)</u></b>	<b>\$ <u>11</u></b>	<b>\$ <u>12</u></b>	<b>\$ <u>3,603</u></b>

See accompanying notes to financial statements.



CITY OF BLUE LAKE  
TRANSPORTATION DEVELOPMENT ACT FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

Pertaining to Section 99400(c) of the Public Utilities Code  
Recorded in the Transportation Fund

For the Year Ended June 30, 2022

With Comparative Amounts for the Year Ended June 30, 2021

	2022		Variance	2021
	Budget	2022 Actual	Favorable (Unfavorable)	Actual
<b>REVENUES</b>				
Intergovernmental:				
Allocations TDA	\$31,720	\$32,375	\$ 655	\$ 32,000
Interest income	<u>0</u>	<u>12</u>	<u>12</u>	<u>5</u>
<u>Total</u>	<u>31,720</u>	<u>32,387</u>	<u>667</u>	<u>32,005</u>
<b>EXPENDITURES</b>				
Blue Lake Rancheria	\$32,375	\$31,875	\$ 500	\$ 32,125
Contract maintenance	0	0	0	0
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total</u>	<u>32,375</u>	<u>31,875</u>	<u>500</u>	<u>32,125</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(655)</b>	<b>512</b>	<b>1,167</b>	<b>(120)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>910</b>	<b>910</b>	<b>0</b>	<b>1,030</b>
<b>TRANSFERS OUT</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ <u>255</u></b>	<b>\$ <u>1,422</u></b>	<b>\$ <u>1,167</u></b>	<b>\$ <u>910</u></b>

See accompanying notes to financial statements.

CITY OF BLUE LAKE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

**NOTE 1 - REPORTING ENTITY:**

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

The City's transportation services consist of two distinct programs:

1. A general public use fixed route transit system providing transit services in and around the City of Blue Lake;
2. An ongoing streets repair and maintenance program.

**NOTE 4 - 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.