

CITY OF TRINIDAD

REPORT ON AUDIT OF THE TRANSPORTATION FUND

For the Year Ended June 30, 2021

CITY OF TRINIDAD

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Transportation Fund of the City of Trinidad as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Fund of the City of Trinidad as of June 30, 2021 and 2020, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Transportation Fund and do not purport to, and do not present fairly the financial position of the City of Trinidad as of June 30, 2021 and 2020, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other

Our audit was also made for the purposes of determining compliance with the Transportation Development Act Sections 99234, 99400 (a), and 99260.7, the California Administrative Code and the rules and regulations of the Humboldt County Association of Governments. In our audit we performed to the extent applicable, the tasks contained in Sections 6666 and 6667 of the California Administrative Code.

In our opinion, the funds described above were expended in conformance with applicable laws, rules, and regulations of the Transportation Development Act and the allocation instructions of the Humboldt County Association of Governments.

Anderson, Lucas, Somerville, & Borges

October 29, 2021
Fortuna, California

CITY OF TRINIDAD

TRANSPORTATION DEVELOPMENT ACT FUNDS
COMPARATIVE BALANCE SHEET

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

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$52,826	\$27,752
TDA receivable	<u>0</u>	<u>41,918</u>
TOTAL ASSETS	<u>\$52,826</u>	<u>\$69,670</u>
LIABILITIES AND FUND BALANCE		
Accounts payable	\$ 0	\$ 0
Deferred TDA revenue	<u>0</u>	<u>0</u>
Total Liabilities	\$ <u>0</u>	\$ <u>0</u>
Fund balance:		
Restricted:		
TEA-21/RSTP Reserve	\$15,315	\$15,315
Streets and Transportation	<u>37,511</u>	<u>54,355</u>
Total Fund Balance	<u>\$52,826</u>	<u>\$69,670</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$52,826</u>	<u>\$69,670</u>

See accompanying notes to financial statements.

CITY OF TRINIDAD

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

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

For the Year Ended June 30, 2021

With Comparative Amounts for the Year Ended June 30, 2020

	<u>2021</u>		Variance	
	<u>Budget</u>	<u>2021 Actual</u>	Favorable (Unfavorable)	<u>2020 Actual</u>
OPERATING REVENUES				
Intergovernmental:				
TDA 2% Bike & Ped Allocation	\$ 0	\$ 0	\$ 0	\$ 0
TDA Allocation	0	0	0	12,299
RSTP Allocation	0	0	0	2,891
Interest	<u>0</u>	<u>185</u>	<u>185</u>	<u>335</u>
<u>Total</u>	<u>\$ 0</u>	<u>\$ 185</u>	<u>\$ 185</u>	<u>\$ 15,525</u>
EXPENDITURES				
Street and Road Maintenance	\$ 0	\$ 12,000	\$ (12,000)	\$ 0
RTS Assessment	<u>0</u>	<u>5,029</u>	<u>(5,029)</u>	<u>4,980</u>
<u>Total</u>	<u>\$ 0</u>	<u>\$ 17,029</u>	<u>\$ (17,029)</u>	<u>\$ 4,980</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 0	\$ (16,844)	\$ (16,844)	\$ 10,545
FUND BALANCE - BEGINNING OF YEAR	<u>69,670</u>	<u>69,670</u>	<u>0</u>	<u>59,125</u>
FUND BALANCE - END OF YEAR	<u>\$ 69,670</u>	<u>\$ 52,826</u>	<u>\$ (16,844)</u>	<u>\$ 69,670</u>

See accompanying notes to financial statements.

CITY OF TRINIDAD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

NOTE 1 - REPORTING ENTITY:

These financial statements consist only of the Transportation Fund of the City of Trinidad. 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 Trinidad 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) and 99400(a) of the Transportation Development Act, the City of Trinidad claims and expends funds in order to provide the following services and programs:

1. Participation and support of the Redwood Transit is 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.

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 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.

CITY OF TRINIDAD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

NOTE 5 - STATEMENT OF CASH FLOWS:

As explained at Note 1, the Transportation Development Act activities of the City of Trinidad are accounted for in a Governmental-type fund. Even though the City claims their TDA transit funds under Article 4, Section 99260, they are not considered an operator as defined by Section 99210 of the TDA code, and thus do not report their transit activities in an Enterprise Fund. Thus, there is no requirement for a Statement of Cash Flows under current governmental accounting and reporting guidelines.

NOTE 6 - REQUIRED ANNUAL REPORT TO STATE CONTROLLER:

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

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

NOTE 7 - ANNUAL TDA CLAIM:

During the previous fiscal year ended June 30, 2020, the City filed a TDA claim which included amounts for the previous two years, as well as that year's allocation. The claim totaled \$41,918. This amount was received in August, 2020.

The TDA claim for the current year ended June 30, 2021 has not yet been filed as of the date of our audit. In order to receive their allotted funds for the support of the Redwood Transit System and any qualifying street and road projects, this claim should be filed as soon as possible.