

Supplemental Information for the
October 6 2026 Special Council
Meeting

Agenda Item #:	7
Meeting Date:	October 6, 2026
Prepared By:	Michelle Nielsen, Planwest Partners, Inc.
Subject:	7th Cycle Housing Element Update Process Overview and Upcoming Community Engagement
Recommended	That the City Council:
Action:	Review the Draft 7th Cycle Housing Element, accept public comments, provide comments to staff on recommended revisions, and adopt Resolution No. 1273, approving submission of Blue Lake's Draft 7th Cycle Housing Element to the California Department of Housing and Community Development (HCD)

BACKGROUND

The purpose of the Housing Element is to identify and analyze existing and projected housing needs in order to preserve, improve, and develop housing for all economic segments of the community. The Housing Element is one of seven required elements of the General Plan. However, it has several unique requirements that set it apart from the other six elements. State law (Government Code Section 65580 (et seq.)) specifies in detail the topics that the Housing Element must address and sets a schedule for regular updates. State law requires each local government to update its Housing Element every eight years.

The Housing Element is also the only element reviewed and certified by the State for compliance with State law. The Department of Housing and Community Development (HCD) is the State department responsible for this certification. The Humboldt region's deadline for submission of a substantially compliant and adopted housing element to HCD is July 15, 2027. Penalties for non-compliance include legal challenges, ineligibility for many State and regional grants, and, in extreme cases, loss of land use control.

The current draft Housing Element document is not the final adopted/certified document. There will be future public hearings and public comment opportunities. This is a draft that will be submitted to HCD for their review. Unfortunately, the draft is incomplete because it does not include a finished regional housing needs assessment (Appendix D). (HCD committed to the seven incorporated cities and Humboldt County to complete the needed analysis and tables.)

Upon receipt, HCD will have 90 days to review the draft and report its findings in writing (California Government Code § 65585(b)(1)). Once the City receives HCD's written findings, the housing element will be revised to address HCD's comments and findings. The City will post the revised draft on the website, and it will email individuals who requested notification about the draft's availability at least seven days before submitting the revised draft to HCD for a 60-day review.

Following HCD's 60-day review, the City expects the draft Housing Element to be close to substantial compliance, allowing the City to begin the adoption process. The City will hold public hearings before the Planning Commission and City Council in Spring 2027. The City will then submit the adopted Housing Element document to HCD for a final 60-day review and certification.

In accordance with State Housing Element law and the City's MOU with HCD, this public hearing is for the City Council to give input to staff, accept public comment, and approve submittal of the draft 7th Cycle Housing Element to HCD.

OVERVIEW OF STATE LAW REQUIREMENTS FOR HOUSING ELEMENTS

State law requires that a Housing Element be consistent with other General Plan elements. It must provide clear policy direction for making decisions pertaining to zoning, subdivision approval, housing allocations, and capital improvements. State law (California Government Code Sections 65580-65589) mandates that Housing Elements must contain the following:

- An assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs;
- An assessment of fair housing needs;
- An inventory of land suitable for housing;
- An assessment of special housing needs, including the identification of zones where emergency shelters are allowed by-right;
- An assessment of "at-risk" assisted housing developments;
- The identification of quantified objectives; and
- A set of goals, policies and programs that set forth an eight-year schedule of actions that further the goals and objectives of the Housing Element.

The Housing Element must also identify adequate residential sites available for a variety of housing types for all income levels; provide assistance in developing adequate housing to meet the needs of low- and moderate-income households; address governmental constraints on the maintenance, improvement, and development of housing; conserve and improve the condition of the existing stock of affordable housing; and promote housing opportunities for all persons.

HOUSING ELEMENT OUTLINE

Chapter 1 – Introduction. This is an overview of the purpose, regional housing needs allocation, data sources, and community participation undertaken to update the housing element.

Chapter 2 – Public Participation. This chapter describes the public engagement undertaken to develop the 7th Cycle Housing Element, and summarizes the results of those efforts.

Chapter 3 – Evaluation of Previous Housing Element. This chapter provides an overview of the effectiveness of the programs in Blue Lake's 6th Cycle Housing Element. It also reviews the City's progress on implementing its 6th Cycle programs.

Chapter 4 – Housing Goals, Objectives, and Programs. As the title states, this chapter contains the City’s 7th Cycle programs that intend to meet the requirements of State law and address Blue Lake’s housing needs.

Chapter 5 – Assessment of Housing Needs and Special Populations. This chapter analyzes the City’s population, household composition, employment base, and population characteristics to identify housing needs.

Chapter 6 – Housing Constraints. The constraints analysis chapter reviews the governmental and non-governmental constraints to the City of Blue Lake meeting its identified housing needs.

Chapter 7 – Sites Inventory. This chapter reviews the number and types of housing units constructed during the 6th Cycle Housing Element. It reviews environmental and infrastructure conditions that may limit housing construction. This chapter contains the City’s inventory of sites that are available and are suitable to accommodate residential development for economic segments.

Chapter 8 – Affirmatively Further Fair Housing. This chapter walks through disparities in access to opportunity, a key component of affirmatively further fair housing (AFFHO).

Appendices – This includes the results of the community survey, 1:1 interviews, a glossary, comment letters received during the first 30-day public review period that ended in August 2026, and the “skeleton” of HCD’s regional housing needs assessment report.

HOUSING ELEMENT PROGRAMS

Housing elements must contain programs. Each program sets forth a schedule of actions the city is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element, and to make adequate provision for the housing needs of all economic segments of the community. Chapter 4 contains Blue Lake’s draft 7th Cycle Housing Element programs, and they are outlined below in Table 1. A jurisdiction’s housing element programs are commitments to take specific actions and to allocate resources needed to carry them out. Moreover, unlike other general plan elements, progress on implementing housing element programs is monitored by HCD.¹ While the programs represent a commitment by the City and its residents, adopting and completing them during the 7th cycle will retain local control, remove existing barriers (particularly regulatory barriers), and improve opportunities for residents to obtain safe and attainable housing.

Table 1 – Housing Element Program Table

Program	Program Title	Priority
Program HI-1	Improve Funding Availability to Support Implementation	Highest

¹ In recent years, HCD has proactively contacted jurisdictions that were behind schedule on implementing their programs. For more information, visit HCD’s Technical Assistance and Enforcement Letters Dashboard <https://www.hcd.ca.gov/hau/enforcement-letters>.

Program	Program Title	Priority
Program HI-2	State Law Compliance A) Accessory dwelling units B) Manufactured housing and mobile homes C) Single room occupancy units D) Transitional and Supportive Housing E) Supportive housing developments F) Emergency shelters and low barrier navigation centers G) Employee housing H) Housing for Persons with Disabilities I) Density Bonus J) Non-conforming multi-family residential	Highest
Program HI-3	Remove PDR Zone Development Constraints	High
Program HI-4	Residential Development Regulatory Procedure	High
Program HI-5	Discretionary Permit Procedures and Findings that Provide for Approval Certainty	High
Program HI-6	Removal of Other Regulatory Barriers and Constraints: A) Use gross acreage for density calculations and define density. B) Establish rules for rounding residential density calculations for non-density bonus projects. C) Allow smaller parcels in the Special Density (D) Combining Zone to support a variety of housing types and planned densities. D) Either exempt or add qualifying language to § 17.16.120(C.2) of the Design Review requirements for housing developments. E) Remove “new housing concepts” language from the Special Study Zone regulations in § 17.24.160. F) Exempt ADUs and JADUs from the 20-foot minimum-width requirement in § 17.24.260. G) Optional: Consider an adaptive reuse ordinance to allow commercial buildings to be converted to residential uses.	A) through F): High. G): Low
Program HI-7	Water and Sewer Capacity	Highest
Program HI-8	No Net Loss of Residential Capacity to Accommodate the RHNA by Income Category, and Monitoring of Overall Progress	High
Program HI-9	Improve Transparency, Visibility, and Awareness of the City’s Regulatory Improvements and Initiatives for Housing	Medium
Program HI-10	Voluntary Upzoning to Improve the Supply of Land for a Variety of Housing Types and Tenures	Low
Program HI-11	Collaboration with Regional Partners: A) Assist in coordinating a countywide Housing Element Working Group (HEWG) with HCD, HCAOG, and other	A) to G) Medium. H): High

Program	Program Title	Priority
	jurisdictions. B) Meet annually with HEWG to evaluate Housing Element implementation and identify gaps and needs. C) Coordinate with HCAOG to identify opportunities to address regional housing issues. D) Participate in regional collaboration on housing programs, infrastructure, homelessness, fair housing, and disadvantaged communities. E) Coordinate with fair housing organizations on fair housing issues and education. F) Develop regional partnerships to increase housing opportunities for lower- and moderate-income households. G) Coordinate with other jurisdictions to develop and maintain a multilingual regional directory of housing services and resources, including resources for farmworkers. H) Collaborate with the Blue Lake Rancheria to implement SB 507 to explore counting eligible housing on Tribal land toward the City's RHNA.	
Program HI-12	Encourage Local Economic Opportunities	Medium
Program HI-13	Vulnerable Population Affordable Housing	Medium
Program HI-14	Housing Stock Rehabilitation and Weatherization	Medium
Program HI-15	Accessibility Outreach	Medium
Program HI-16	Affordable Housing Funding	Medium
Program HI-17	General Plan Element Review	Low
Program HI-18	ADU Monitoring	Medium

RHNA OVERVIEW

Each California jurisdiction must plan for its fair share of the region's housing need. This fair share is determined through a process called the Regional Housing Need Allocation (RHNA). HCD identifies the total housing need, by income category, for each region of the State. Regional councils of government, in this case the Humboldt County Association of Governments (HCAOG), are responsible for distributing this need to local governments in the region. On May 21, 2026, the HCAOG Board adopted the 7th Cycle Humboldt County Regional Housing Needs Assessment Plan.² Once a local government receives its RHNA, it must update its Housing Element. Blue Lake's RHNA for the 7th Cycle Housing Element (2027 to 2035), is 41 housing units across six income categories as shown in Table 2.

² <https://www.hcaog.net/programs-projects/housing#docaccess-ef68a8474b7e91b38f0abe2fbf9da055>

Table 2 – Blue Lake's 7th Cycle RHNA

Income Category ³	Number of Units	Percentage
Acutely Low (0-15% AMI)	3	7%
Extremely Low (15-30% AMI)	7	17%
Very Low (30-50% AMI)	4	10%
Low (50-80% AMI)	8	20%
Moderate (80-120% AMI)	4	10%
Above Moderate (>120% AMI)	15	37%
Total	41	100%

“AMI” means area median income.

As part of updating its housing element, each jurisdiction must show how its land planned and zoned for residential development will accommodate its share of the region’s housing need by the number of units and by income category.³ If the analysis finds a shortfall of land that is available and suitable for residential development, the jurisdiction will need to undertake a rezoning to remedy it. Demonstrating compliance with the RHNA is a key threshold requirement to achieve HCD support of the Housing Element. Table 3 of Blue Lake’s draft 7th Cycle Housing Element summarizes the site inventory analysis contained in Chapter 7. As shown, the City can meet its RHNA requirements without the need for any rezoning.

Table 3– Proposed 7th Cycle Residential Land Inventory⁴

APN	Acreage (Ac.)	Residentially Zoned Ac.	GP Des.	Zoning	Realistic Capacity (# of units)	Assumed Income Category ³
025-025-010	0.15	0.15	MD	R-1	1	Above Moderate
025-035-007	0.17	0.17	MD	PDR	1	Above Moderate
025-035-009	0.24	0.24	MD	PDR	1	Above Moderate
025-036-011	0.17	0.17	MF	R-3	2	Above Moderate
025-052-002	0.31	0.31	MD	R-1	1	Above Moderate
025-062-012	0.17	0.17	MD	R-1	1	Above Moderate
025-101-024	0.41	0.41	MD	PDR	5*	Above Moderate
025-101-025	0.40	0.40	MD	PDR	5*	Above Moderate
025-101-026	0.74	0.74	MD	PDR	6**	Moderate
025-101-027	1.51	1.51	MD	PDR	5*	Above Moderate
025-121-008	1.88	1.88	MD	PDR	1	Above Moderate
025-121-027	0.21	0.21	MD	PDR	1	Above Moderate

³ See Attachment B of this report.

⁴ This is a reproduction of Table 7-3 (without track changes) from the September 14, 2026 public review draft of the Housing Element.

APN	Acreage (Ac.)	Residentially Zoned Ac.	GP Des.	Zoning	Realistic Capacity (# of units)	Assumed Income Category ³
025-121-032	0.15	0.15	MD	PDR	1	Above Moderate
025-141-007	1.34	1.34	I	MU	4	Moderate
025-191-015	0.52	0.52	MD	PDR	1	Above Moderate
025-201-023	1.44	1.00	I	O-MF	16	Very Low, Extremely Low, Acutely Low ¹
312-161-015	4.56	3.40	I	O, X	40	Low, Very Low ²
17 sites	14.4	12.8			92	

CONCLUSION

Timely review and input from the community and City Council is necessary to complete this project by in accordance with the MOU schedule.

City staff is asking for the following action items from the City Council:

1. To review the draft 7th Cycle Housing Element;
2. Accept public comment;
3. Provide comments to staff on recommended revisions; and
4. Adopt Resolution No. 1273, approving submission of Blue Lake's Draft 7th Cycle Housing Element to the California Department of Housing and Community Development (HCD) to begin the required 90-day review period.

ATTACHMENTS

- A. City Council Resolution 1273
- B. Link to website with the draft 7th Cycle Housing Element and table of the 2026 State Income Limits by Income Category
- C. Comment Letters
 - Hoover Comment Letter, received 9/22/2026
 - Whitcomb Comment Letter, received 9/18/202

Review Information:

City Manager: ☒ Legal Review: ☐ Finance Manager: ☐ Engineer: ☐

RESOLUTION NO. 1273

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BLUE LAKE REGARDING THE
DRAFT 7TH CYCLE HOUSING ELEMENT

WHEREAS, the City of Blue Lake (City) desires to complete the 7th Cycle Housing Element, and

WHEREAS, the City Council's authorization to submit the Draft 7th Cycle Housing Element to the California Department of Housing and Community Development (HCD) for review does not constitute adoption of the Housing Element or approval of the actions contemplated by the Draft Housing Element; and

WHEREAS, the City Council finds that submission of the Draft 7th Cycle Housing Element to HCD is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15262 because the action involves planning for possible future actions that the City has not approved or adopted. Environmental review, as applicable, will be completed before the City takes action to adopt the Housing Element.

NOW, THEREFORE, the City Council of the City of Blue Lake does hereby resolve as follows:

1. The foregoing recitals are adopted as findings of the City Council as though set forth fully herein.
2. Direct staff to incorporate the comments received from the public and the City Council into the draft 7th Cycle Housing Element; and
3. Direct staff to forward it to the California Department of Housing and Community Development upon the completion of the second thirty (30) day public review period on October 14, 2026, and upon completion of the mandatory ten business day period pursuant to California Government Code Section 65585(b)(1).

PASSED AND ADOPTED by the City Council of the City of Blue Lake at a special meeting duly held on the 6th of October 2026 by the following vote:

AYES: _____
NOES: _____
ABSTAIN: _____

John Sawatzky, Mayor

Attest:

Samantha Green, City Clerk

I, Samantha Green, City Clerk of the City of Blue Lake, do hereby certify that the foregoing resolution, City of Blue Lake Resolution No. 1273 was passed and adopted by the Blue Lake City Council at its regular meeting on October 6, 2026.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed the official Seal of the City of Blue Lake.

Samantha Green
City Clerk of the City Council of the City of Blue Lake,
County of Humboldt, State of California

ATTACHMENT B

1. The draft 7th Housing Element for the City of Blue Lake is available for review and download at:

<https://www.bluelakehousingelement.com/documents>

2. 2026 State Income Limits, Humboldt County

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Acutely Low	\$10,200	\$11,650	\$13,100	\$14,550	\$15,700	\$16,900	\$18,050	\$19,200
Extremely Low	\$20,450	\$23,350	\$27,320	\$33,000	\$38,680	\$44,360	\$50,040	\$55,720
Very Low	\$34,000	\$38,850	\$43,700	\$48,550	\$52,450	\$56,350	\$60,250	\$64,100
Low	\$54,400	\$62,200	\$69,950	\$77,700	\$83,950	\$90,150	\$96,350	\$102,600
Median	\$67,950	\$77,700	\$87,400	\$97,100	\$104,850	\$112,650	\$120,400	\$128,150
Moderate	\$81,550	\$93,200	\$104,850	\$116,500	\$125,800	\$135,150	\$144,450	\$153,800

Source: California Department of Housing and Community Development, May 2026.

ATTACHMENT C

Comment Letters

- Hoover Comment Letter, received 9/22/2026
- Whitcomb Comment Letter, received 9/18/2026

Public Comment: Blue Lake Housing Element 7th Cycle

From: Lisa Hoover

Date: September 22, 2026

The following draws upon previous comments provided to the City and Council dated July 31, 2026 prior to the Public Workshop that I did not find addressed in the latest document:

Pg 1-4/3.0 General Plan Consistency and Section 2.2. Circulation Element Constraints

This section said that the “City reviewed the existing General Plan to identify any inconsistencies and to determine if amendments were necessary”. Per my input in July, I could not clearly locate the complete results of this review, likewise for this latest draft.

I would ask that the review results be summarized as a part of the document as well as what steps will be taken to rectify any inconsistencies. One specific General Plan inconsistency I mentioned was the Circulation Element. While there are some references to improvements in road sections that would be needed e.g. South Railroad Avenue which is a one-way road, this updated Housing Element document did not address the General Plan update that is needed and which was raised in my last comment.

Related is section 2.1.1 General Plan pg. 6-1 of the Public Review Draft *“The General Plan establishes goals and policies that guide all new development, including residential land uses.”* In light of the General Plan Consistency comment above, what is the status of the “goals and policies” related to the Housing Element update? Are these possibly addressed on pg. 6-4 Section 2.1.2 Residential Zoning Districts and Standards?

Program H1-10 Upzoning Properties

This section that I commented on in July, was updated to include the following:

“It is anticipated that the City will establish eligibility requirements that nominated parcels must meet in order to advance in the upzoning process, which will require amendments to the zoning map. Eligibility requirements may include proximity to City services and public infrastructure, and that natural hazards and/or resources are not present.”

My previous comment/question had to do with the application of upzoning to open space, agriculturally exclusive parcels or parcels with wetlands, riparian/creek and forested settings or where there is potential for run-off related to development—all of which, I am not in support of for any upzoning. Question: does the text of this update, specifically “Eligibility requirements (for upzoning) may include... that “natural hazards and/or resources are not present”? Does this

addition incorporate the agriculture and environmental settings I mentioned in my previous comments?

Program HI-17 General Plan Element Review

The document includes the following statement “The City will review the City’s Safety and Conservation Elements and any other General Plan Elements, as required, and ensure compliance with new State Law”. Please clarify what is meant by or included in “Conservation Elements”. Also please elaborate on what is meant by “stand-alone” Conservation Elements?

2.0 Analysis of Blue Lake’s Environmental and Infrastructure Constraints (pg. 7.5, Chapter 6)

To be clear, does this analysis in Chapter 6 link to or guide most of what is covered in the previous chapters related to environmental and circulation issues?

If possible, I would appreciate hearing back about my questions so I can better understand the Housing Element development process and that my input about clarifications needed, might guide some updates.

Sincerely,

/s/ Lisa D. Hoover

Fwd: Second Draft Housing Element

From Jennie Short <citymanager@bluelake.ca.gov>

Date Thu 9/24/2026 2:40 PM

To Michelle Nielsen <MichelleN@planwestpartners.com>

FYI

----- Forwarded message -----

From: **dennis whitcomb** <[REDACTED]>

Date: Fri, Sep 18, 2026 at 8:52 AM

Subject: Second Draft Housing Element

To: <comments@bluelake.ca.gov>

Good job. I only have a couple of minor questions.

Section 2, page 3-1/2

The project was proposed on an approximately 3-acre portion of City-owned land known as APNs 312-161-018 and 312-161-015.

Should 312-161-018 be 25-201-023? Or I am confused because I couldn't find 018 on the inventory map figure 7-2

Section 3.1, page 7-11/12

(Housing Element law, however, does require the jurisdiction to build the housing, as that decision remains with the private property owner.)

Shouldn't that say "however, does not require the jurisdiction ..." ?

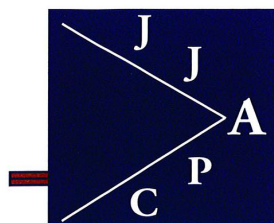
I'm looking forward to the HCD decision on the Danco 40 unit project that may meet all of the low income requirements far into the future (55 years) so we don't have to depend on homeowners, or landlords annual rent decisions. I note that this is what the residents need and want according to the survey.

Den

CITY OF BLUE LAKE

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AND
COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS**

JUNE 30, 2024



JJACPA, Inc.

A Professional Accounting Services Corp.

October 1, 2026

City Council
City of Blue Lake
Blue Lake, California

We have audited the basic financial statements of the City of Blue Lake (City) as of and for the year ended June 30, 2024 and have issued our report thereon dated October 1, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 2, 2026, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023-24. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments

The most sensitive accounting estimates affecting the financial statements are useful lives of capital assets ("useful lives"), net pension liability, and net OPEB liability.

Management's estimate of the useful lives is based on experience with and observation of capital assets, by category (e.g., infrastructure) as well as industry standards, when applicable (i.e., buildings). Pension plan and OPEB plan liabilities are valued based upon actuarial assumptions as developed by the City's plan providers. These assumptions and estimates can result in material changes to liabilities and corresponding deferred inflows and outflows on a year-to-year basis. We evaluated the key factors and assumptions used to develop the useful lives, pension plan liabilities, and OPEB plan liabilities and determined that they are reasonable in relation to the basic financial statements taken as a whole according to industry standards.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to commitments and contingencies.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in an attached letter dated October 1, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Communication of Internal Control Related Matters

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2024-001 that we consider to be a material weakness.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Joseph J. Arch, CPA
JOSEPH J ARCH, CPA
President/CEO
JJACPA, INC

City of Blue Lake
Schedule of Findings and Responses
For the year ended June 30, 2024

Section I – Financial Statement Findings

Finding 2024-001

Material Weakness of Noncompliance with California Government Code – Filing Deadline Expiration

Criteria: California Government Code, Section 26909, (a) (2), requires Cities to file an annual audit of the accounts and records with the California State Controller within 12 months of the end of the fiscal year.

Condition: For the year ended June 30, 2024 the City of Blue Lake (City) did not file an annual audit of the accounts and records with the California State Controller within 12 months of the end of the fiscal year.

Cause: Management of the City has not implemented procedures to meet the filing requirements outlined in the California Government Code.

Effect: By not filing the appropriate reports with the State Controller, the City is in violation of the California Government Code. The information reported to the public and other government agencies is not timely or relevant to current City operations.

Recommendation: Management should file the audited financial statements for the year ended June 30, 2024 immediately. Additionally, the City should implement procedures for meeting the filing requirements outlined in the California Government Code in order to provide timely reporting for future fiscal years.

Responsible Official's Response: Management agrees with this finding and will submit the audited financial statements to the State Controller once they are approved by the Council. Moreover, management will develop and implement procedures to ensure timely financial reporting in the future.

Section II – Status of Prior Year Audit Findings

Finding 2023-001

See current year finding 2024-001



CITY OF BLUE LAKE

Post Office Box 458 • 111 Greenwood Road • Blue Lake, CA 95525
Phone 707.668.5655 Fax 707.668.5916

October 1, 2026

JJACPA, Inc.
7080 Donlon Way, Suite 204
Dublin, CA 94568

This representation letter is provided in connection with your audit of financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Lake (City) as of June 30, 2024 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the City in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 1, 2026:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated April 2, 2026, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.

- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.

- The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
- The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
- There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or

markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.



Jennie Short
City Manager



Karie Kroeker,
Finance Manager

CITY OF BLUE LAKE, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2024

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City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

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City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

List of Officials as of June 30, 2024

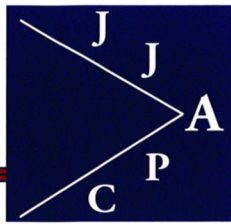
<i>CITY COUNCIL</i>

- Adelene Jones, Mayor
- Angela Shull, Mayor Pro Tem
- Elizabeth MacKay
- Elise Scafani
- Christopher Edgar

<i>CITY OFFICIALS</i>

- Amanda Mager, City Manager
- RMW Accounting, Contract Accountant

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JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
of the City of Blue Lake
Blue Lake, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Lake (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Honorable Mayor and City Council
of the City of Blue Lake
Blue Lake, California

Auditor's Responsibilities 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 opinions. 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 GAAS and *Government 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 GAAS and *Government 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'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-17, the budgetary comparison information on pages 74-75, the Schedule of Changes in the Net OPEB Liability and Related Ratios on page 76-77, the City's Schedules of Contributions on pages 78-79, and the Schedules of the City's Proportionate Share of the Net Pension Liability on pages 80-81 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Mayor and City Council
of the City of Blue Lake
Blue Lake, California

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

October 1, 2026

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

Management's Discussion and Analysis

This section provides a narrative overview and analysis of the financial activities of the City of Blue Lake (City) for the fiscal year ended June 30, 2024. It should be read in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

From the government-wide financial statement perspective, the following outlines the financial highlights for the year:

- Overall, at June 30, 2024, the City's net position (excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources) was \$9,383,308, an increase of \$646,070 or 7.4% from the prior fiscal year. Of the total net position, \$5,573,588 was invested in capital assets (net of related debt) and \$2,153,676 had restrictions on its use leaving \$1,656,044 as unrestricted.
- Overall, City-wide revenues increased by \$758,273 or 26.9% compared to the prior fiscal year.
- Overall, City-wide expenses increased by \$485,625 or 19.9% compared to the prior fiscal year.

From the fund financial statement perspective, the following outlines the financial highlights for the year:

- At June 30, 2024, the City's governmental funds fund balance decreased by \$131,700 or 8.8% in comparison to the prior fiscal year while the proprietary funds fund balance decreased \$16,251 or 0.5%.
- In comparison to the prior fiscal year, the revenues of the governmental funds increased by \$521,821 or 31.8% while the proprietary funds increased \$96,533 or 8.0%. The governmental funds increase is primarily related to an increase in tax revenues, charges for services, and intergovernmental revenues while the proprietary funds increase is primarily related to an increase in user charges and interest earnings with a decrease in intergovernmental revenues.
- In comparison to the prior fiscal year, the expenditures of the governmental funds increased by \$629,204 or 37.8% while the expenses of the proprietary funds increased by \$286,314 or 27.9%. The governmental funds increase is primarily related to parks and recreation, public safety, and capital project expenditures while the proprietary funds increase is primarily related to personnel costs.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of the government-wide financial statements and the fund financial statements. These two sets of financial statements provide two different views of the City's financial activities and financial position.

City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

Management's Discussion and Analysis, Continued

The Government-wide Financial Statements

The government-wide financial statements provide a broad overview of the City's activities as a whole and are comprised of the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual amount reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities provides information showing changes in City's net position during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows (accrual basis of accounting). The focus is on both gross and net costs of City functions, which are supported by general revenues. This statement also distinguishes functions of the City as follows:

- ◆ **Governmental activities** – all of the City's basic services are considered to be governmental activities, including general government, community development, public safety, animal control, public works, public improvements, planning and zoning, building inspections, public transportation, parks, and recreation. These services are primarily supported by taxes and intergovernmental revenues.
- ◆ **Business-type activities** – all of the City's activities that are intended to cover all or a significant portion of their costs through user fees and charges are reported here. The business-type activities include the water and sewer utility activities of the City.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into two categories: governmental funds and proprietary funds. For the fiscal year ended June 30, 2024, the City's major funds are as follows:

Governmental Funds:

- General Fund
- Community Development Block Grant Fund
- Supplemental Law Enforcement Services Fund

Proprietary Funds:

- Water Utility Fund
- Sewer Utility Fund

City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

Management's Discussion and Analysis, Continued

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental fund financial statements provide detailed information about each of the City's most significant funds, called major funds. Data for the other governmental funds, called non-major funds, is combined and presented in a single column. Individual fund data for each non-major fund is provided in the supplemental schedules section of this report.

Proprietary Funds

The City maintains enterprise-type proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water and sewer utility activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 41 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information which begins on page 74 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information beginning on page 84 of this report.

City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,383,308 as of June 30, 2024. To follow is a summary of the statement of net position as of June 30, 2024 and 2023:

	Summary of Net Position					
	2024			2023		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Current assets	\$ 2,858,645	\$ 2,819,030	\$ 5,677,675	\$ 3,269,888	\$ 2,894,216	\$ 6,164,104
Noncurrent assets	3,970,546	1,663,070	5,633,616	3,443,448	1,323,483	4,766,931
Deferred outflows of resources	287,896	270,864	558,760	298,807	283,335	582,142
Total assets and deferred outflows of resources	7,117,087	4,752,964	11,870,051	7,012,143	4,501,034	11,513,177
Current liabilities	295,604	467,806	763,410	658,591	159,119	817,710
Long-term liabilities	844,564	631,469	1,476,033	998,152	624,044	1,622,196
Deferred inflows of resources	57,560	189,740	247,300	98,362	237,671	336,033
Total liabilities and deferred inflows of resources	1,197,728	1,289,015	2,486,743	1,755,105	1,020,834	2,775,939
Net position:						
Net invested in capital assets	3,924,708	1,648,880	5,573,588	3,227,967	1,298,318	4,526,285
Restricted	262,161	1,891,515	2,153,676	580,559	1,916,589	2,497,148
Unrestricted	1,732,490	(76,446)	1,656,044	1,448,512	265,293	1,713,805
Total net position	\$ 5,919,359	\$ 3,463,949	\$ 9,383,308	\$ 5,257,038	\$ 3,480,200	\$ 8,737,238

In comparison to the prior fiscal year:

- Total net position increased by \$646,070 or 7.4% as a result of ongoing operations. Governmental activities experienced an increase of \$662,321 or 12.6% while business-type activities experienced a decrease of \$16,251 or 0.5% due to ongoing operations.
- Total assets and deferred outflows increased \$356,874 or 3.1% as a result of ongoing operations. Governmental activities experienced an increase of \$104,944 or 1.5% while business-type activities experienced an increase of \$251,930 or 5.6%.
- Total liabilities and deferred inflows decreased \$289,196 or 10.4%. Governmental activities experienced a decrease of \$557,377 or 31.8% while business-type activities experienced an increase of \$268,181 or 26.3%.

City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Changes in Net Position

The change in net position for the fiscal years ended June 30, 2024, and 2023 follows:

	Changes in Net Position					
	2024			2023		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 414,962	\$ 1,159,624	\$ 1,574,586	\$ 310,286	\$ 943,609	\$ 1,253,895
Grants and contributions:						
Operating	456,736	1,579	458,315	523,485	28,979	552,464
Capital	764,133	-	764,133	249,705	172,893	422,598
General revenues:						
Property taxes and assessments	166,499	-	166,499	168,610	-	168,610
Franchise fees	45,301	-	45,301	42,498	-	42,498
Sales and use tax	162,151	-	162,151	61,454	-	61,454
Transient occupancy tax	4,033	-	4,033	284	-	284
Motor vehicle in-lieu	143,613	-	143,613	196,983	-	196,983
Intergovernmental revenues	35,697	-	35,697	30,642	-	30,642
Investment earnings	83,335	132,070	215,405	30,770	51,551	82,321
Other general revenues	814	3,307	4,121	817	3,015	3,832
Total revenues	2,277,274	1,296,580	3,573,854	1,615,534	1,200,047	2,815,581
Expenses:						
Governmental activities:						
General government	359,255	-	359,255	250,263	-	250,263
Planning	108,962	-	108,962	141,851	-	141,851
Building	36,787	-	36,787	31,343	-	31,343
Public safety	201,762	-	201,762	154,902	-	154,902
Animal control	11,763	-	11,763	8,602	-	8,602
Facilities	16,627	-	16,627	10,763	-	10,763
Street maintenance & lighting	243,382	-	243,382	248,112	-	248,112
Parks and recreation	579,257	-	579,257	489,221	-	489,221
Housing & economic development	504	-	504	23,021	-	23,021
Public transit	19,584	-	19,584	32,375	-	32,375
Recycling	29,329	-	29,329	25,189	-	25,189
Interest	7,741	-	7,741	10,880	-	10,880
Business-type activities:						
Water	-	640,406	640,406	-	546,735	546,735
Sewer	-	672,425	672,425	-	479,782	479,782
Total expenses	1,614,953	1,312,831	2,927,784	1,426,522	1,026,517	2,453,039
Change in net position	662,321	(16,251)	646,070	189,012	173,530	362,542
Net position:						
Beginning of year	5,257,038	3,480,200	8,737,238	5,068,026	3,306,670	8,374,696
End of year	\$ 5,919,359	\$ 3,463,949	\$ 9,383,308	\$ 5,257,038	\$ 3,480,200	\$ 8,737,238

City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

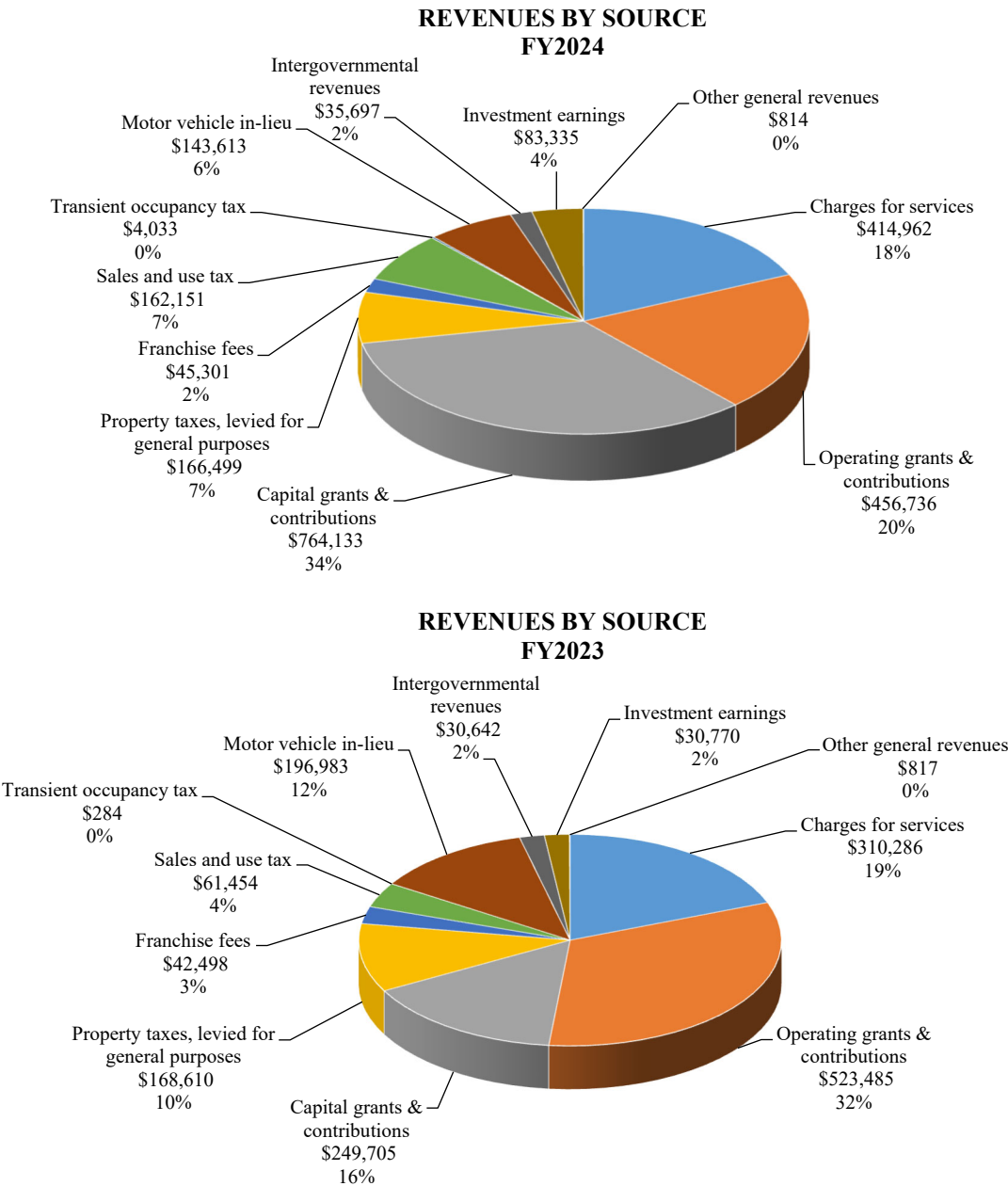
Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Changes in Net Position, Continued

Revenues by source for the fiscal years ended June 30, 2024, and 2023, are as follows:

Governmental Activities



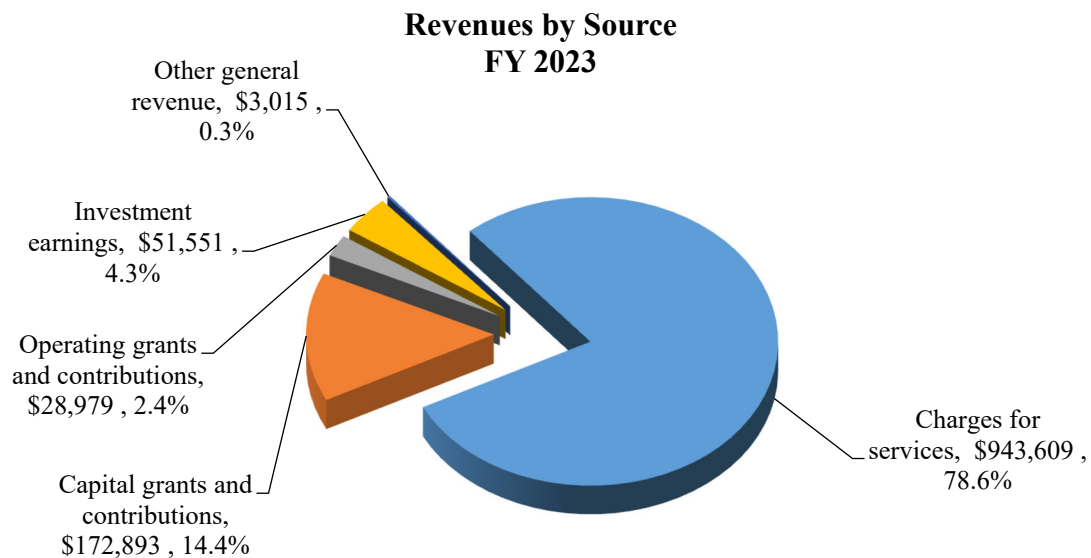
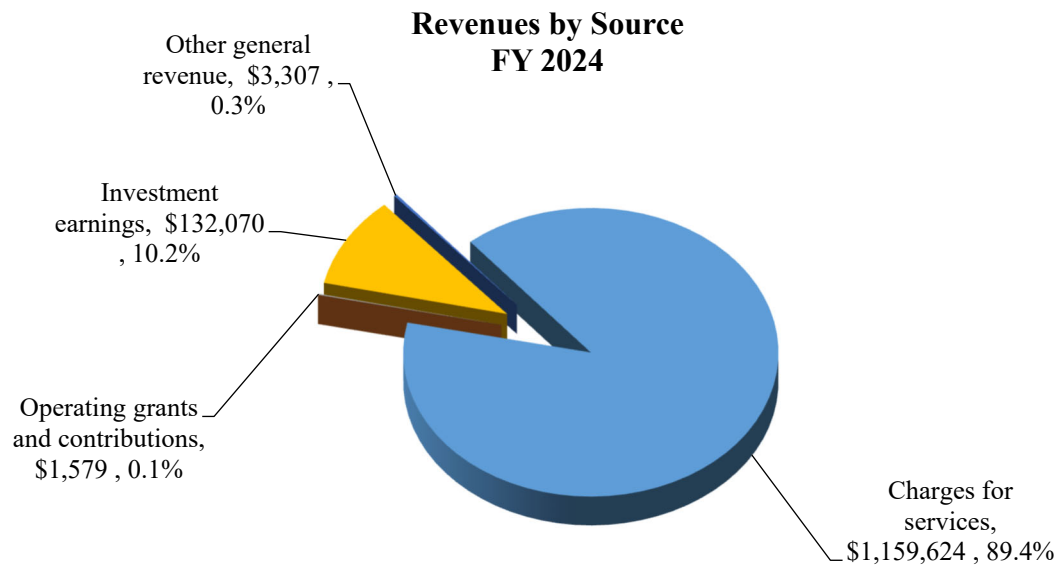
City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Changes in Net Position, Continued

Business-type Activities



City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Changes in Net Position, Continued

Revenues

The City's revenues for governmental and business-type activities totaled \$3,573,854, an increase of \$758,273 or 26.9% in comparison to the prior fiscal year. Governmental activity revenues totaled \$2,277,274 an increase of \$661,740 or 41.0% while business-type activity revenues totaled \$1,296,580, an increase of \$96,533 or 8.0%. The City's total revenues consisted of charges for services (44.1%), operating grants and contributions (12.8%), capital grants and contributions (21.4%), and general revenues (21.7%).

The following discusses variances in key revenues from the prior fiscal year:

- **Charges for services** - increased \$320,691 or 25.6% as the result of operations;
- **Operating grants and contributions** – decreased \$94,149 or 17.0%;
- **Capital grants and contributions** – increased by \$341,535, or 80.8%;
- **General revenues** – increased \$190,196 or 32.4% primarily due to increases in tax revenues and investment earnings.

Expenses

The City's expenses for governmental and business-type activities totaled \$2,927,784, an increase of \$485,625 or 19.9% in comparison to the prior fiscal year.

Governmental activity expenses totaled \$1,614,953 an increase of \$188,431 or 13.2% primarily as a result of increased spending on general government, public safety, and parks & recreation which was offset by decreased spending on planning. Governmental activity expenses consisted of general government (22.2%) public safety (12.5%), parks and recreation (35.9%), facilities and streets (16.1%), and all other governmental activities (13.3%).

Business-type activity expenses totaled \$1,312,831, an increase of \$286,314 or 27.9% as a result of water utility and sewer utility operations. Business-type activity expenses consisted of water utility (48.8%) and sewer utility (51.2%).

City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Cash and Cash Equivalents

Cash and Cash Equivalents total as of June 30, 2024, for governmental activities totaled \$1,110,303 and for its business-type activities totaled \$2,627,477. The following table compares June 30, 2023, balances with June 30, 2024, balances by fund grouping to match the audit's financial statements.

Fund/Description	June 30, 2023	June 30, 2024	Difference
Governmental Funds			
General Fund (10, 36, 38, 80, 82)	1,078,347	1,059,326	(19,021)
CDBG Fund (42, 44)	389,195	207,084	(182,111)
SLESF Special Revenue (33)	0	30,980	30,980
Recr. Economic Analysis Fund (11)	-57,819	-116,946	(59,127)
ARP - COVID Relief Fund (12)	99,998	1,250	(98,748)
State Park Per Capita Prog Fund (13)	-147,767	-96,944	50,823
Bike and Skate Park Fund (15)	0	-1,434	(1,434)
TDA Street Fund (30)	9,387	-14,683	(24,070)
AB-939 Fund (32)	24,535	8,861	(15,674)
TDA/STA--Trans (31)	-28,203	13,838	42,041
Highway Users Tax (25)	40,909	18,971	(21,938)
RSTP Funds (34)	-5,121	0	5,121
Proprietary Funds			
Water (60-64)	1,040,595	973,751	(66,844)
Sewer (70-72)	1,616,315	1,653,726	37,411
Total	4,060,371	3,737,780	(322,591)

City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Cash and Cash Equivalents, Continued

Explanations for the negative cash flow are as follows:

- CDBG Funds 42 & 44: the negative \$182,111 was predominantly expenditures for construction of the Library ADA ramp in the amount of \$179,141.
- Fund 11: there is a corresponding grant receivable of \$53,010 which leaves a negative cash flow of \$6,117.
- Fund 12: COVID funds were received in advance and then spent, so a negative cash flow is expected. The ending fund balance is positive.
- Fund 13: the grant receivable of \$96,944 covers the entire negative cash balance.
- Fund 30: the grant receivable of \$14,683 covers the entire negative cash balance.
- Fund 32: the grant receivable of \$1,928 does not cover the difference and the expenditure far exceeded the revenue this year, which is why the fund experienced a negative cash flow. Some of the grants previously received for this fund are no longer available.
- Fund 25: there was a surplus gas tax balance from previous fiscal years, and additional street maintenance efforts were completed to utilize these funds.
- Water funds (60-64): the \$73,510 decrease in cash is attributable to several factors:
 - Water sales increased by \$63,909 over the previous year.
 - Interest is \$25,737 higher than the previous year.
 - Salaries and benefits are \$121,433 higher than the previous year, which is almost double.
 - Gas & Electric expenses increased by \$6,552, or 32% over the previous year.
 - Expenditures for capital projects in progress totaled \$350,335, which included \$307,965 for the Greenwood Water Laterals, \$9,125 for Town Square, \$18,046 to Kernan, and \$6,529 to Wahlund & Mercer-Fraser to perform repairs/maintenance/upgrades to the water distribution system, \$2,670 in equipment, and \$6,000 for the appraisal of the McClure Tank.
 - In addition, accounts payable for the water fund increased by \$290,315, which will negatively affect the cash flow for FY 24/25.

City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Cash and Cash Equivalents, Continued

- For the sewer funds, the positive cash flow is attributable to several factors:
 - Sewer sales increased by \$92,219 over the previous year.
 - Interest is \$54,782 higher than the previous year.
 - Salaries and benefits are \$135,443 higher than the previous year, which is almost double.
 - Gas & Electric expenses increased by \$11,032, or 24% over the previous year.
 - Expenditures for capital projects in progress totaled \$133,658, which included \$118,000 for the Sewer Treatment Plant Headworks project, \$4,525 for Town Square, \$2,670 for equipment, and \$8,464 for Kern and Mercer-Fraser to perform repairs/maintenance/upgrades to the sewer collection system

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide a narrower focus on the individual components of the City government and report the City's operations in more detail than the government-wide financial statements.

Governmental Funds

The City's governmental funds provide information on near-term inflows, outflows, and balances of resources that are available for spending. At June 30, 2024, the City's governmental funds reported combined fund balances of \$1,371,514, a decrease of \$131,700 or 8.8% in comparison to the prior fiscal year (General Fund increase of \$194,735, CDBG Fund decrease of \$182,376, SLESF Fund increase of \$569, non-major funds a decrease of \$144,628).

The General Fund is the chief operating fund of the City. At June 30, 2024, the total fund balance for the General Fund was \$1,324,775, an increase of \$194,735 or 17.2% in comparison to the prior fiscal year. Revenues and transfers-in increased \$781,000 or 69.7% a majority of which can be attributed to increases in of tax revenues, charges for services, and intergovernmental revenues. Expenditures and transfers-out increased \$592,012 or 53.1% in comparison to the prior fiscal year a majority of which can be attributed to increased spending on parks and recreation, capital outlay, and debt repayment.

City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS, Continued

Governmental Funds, Continued

The CDBG Fund is a special revenue fund used to account for the activity related to the City's Community Development Block Grant Program. At June 30, 2024, the total fund balance for the CDBG Fund was \$209,847 a decrease of \$182,376 or 46.5% in comparison to the prior fiscal year. Revenues and transfers-in increased \$5,636 or 18.4% while expenditures and transfers-out increased \$180,029 or 466.5% in comparison to the prior fiscal year a majority of which can be attributed to capital outlay related to the Library Improvement Project.

The SLESF Fund is a special revenue fund used to account for State funds received for the purpose of providing law enforcement services. At June 30, 2024, the total fund balance for the SLESF Fund was \$569, an increase of 569 in comparison to the prior fiscal year. Revenues increased \$15,106 or 9.3% while expenditures increased \$49,962 or 39.2% in comparison to the prior fiscal year.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in business-type activities in the government-wide financial statements, but in more detail. At June 30, 2024, the total net position for the Water Utility Fund was \$1,183,504, a decrease of \$16,046 or 1.4% in comparison to the prior fiscal year. Revenues increased \$94,182 or 17.8% while expenses increased \$93,671 or 17.1% in comparison to the prior fiscal year.

At June 30, 2024, the total net position for the Sewer Utility Fund was \$2,280,445, a decrease of \$205 or less than 0.1% in comparison to the prior fiscal year. Revenues increased \$2,351 or 0.4% while expenses increased \$140,367 (excludes the impact of a non-operating expense related to a prior year grant revenue adjustment of \$52,276) or 29.3% in comparison to the prior fiscal year.

General Fund Budgetary Highlights

Actual revenues/transfers-in were under the final budget by \$135,545 or 6.7%. This was primarily due to lower than expected intergovernmental revenues related to capital projects. Actual expenditures/transfers-out were under the final budget by \$268,782 or 13.6%. This was primarily due to lower than projected spending on street lighting and maintenance, parks and recreation, and housing and economic development and was partially offset by higher than projected capital outlay.

City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS, Continued

Capital Assets

At June 30, 2024, the City's investment in capital assets (net of depreciation) for its governmental activities totaled \$3,970,546 and for its business-type activities totaled \$1,663,070. This investment in capital assets includes land, construction in progress costs, buildings and improvements, infrastructure, furniture and equipment, and vehicles.

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 480,284	\$ 480,284	\$ 80,877	\$ 74,877	\$ 561,161	\$ 555,161
Construction in progress	739,803	236,265	34,377	34,377	774,180	270,642
Land improvements	1,162,766	1,229,282	-	-	1,162,766	1,229,282
Infrastructure	1,118,145	1,203,059	-	-	1,118,145	1,203,059
Buildings and improvements	438,552	262,987	-	-	438,552	262,987
Machinery and equipment	28,346	27,861	134,731	150,043	163,077	177,904
Software	2,650	3,710	-	-	2,650	3,710
Water system	-	-	638,058	322,059	638,058	322,059
Sewer system	-	-	775,027	742,127	775,027	742,127
Total	<u>\$ 3,970,546</u>	<u>\$ 3,443,448</u>	<u>\$ 1,663,070</u>	<u>\$ 1,323,483</u>	<u>\$ 5,633,616</u>	<u>\$ 4,766,931</u>

Additional information about the City's capital assets can be found in Notes 1 and 5 to the basic financial statements.

Long-Term Debt

At June 30, 2024, the City had total debt obligations of \$60,028. Additional information about the City's long-term debt can be found in Note 7 to the basic financial statements.

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Notes payable - Governmental Activities	\$ 45,838	\$ 215,481	\$ -	\$ -	\$ 45,838	\$ 215,481
Notes payable - Water Funds	-	-	14,190	25,165	14,190	25,165
Total	<u>\$ 45,838</u>	<u>\$ 215,481</u>	<u>\$ 14,190</u>	<u>\$ 25,165</u>	<u>\$ 60,028</u>	<u>\$ 240,646</u>

City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

Management's Discussion and Analysis, Continued

ECONOMIC OUTLOOK

The budget for fiscal year 2024-25 was adopted and provides for a short- and long-term economic outlook that is considered stable. This is a result of a continuing and reliable tax revenue stream, the implementation of a water and sewer rate increase, and the City's efforts to contain and control expenditures.

Just as important as maintaining and growing the City's revenue base, moderating expenditure growth is also imperative and will continue to be challenging to the City. Personnel cost is the largest expense category and addressing personnel expenditure growth will remain a priority. However, these costs are projected to continue to rise at a greater rate than most other costs.

REQUESTS FOR INFORMATION

This annual financial report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Should the reader have any questions about this report or wish to request additional financial information, please contact the City of Blue Lake Finance Department, 111 Greenwood Road, Blue Lake, CA 95525-0458, or visit the City's website at www.bluelake.ca.gov.

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BASIC FINANCIAL STATEMENTS

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City of Blue Lake, California

Statement of Net Position

June 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 1,110,303	\$ 2,627,477	\$ 3,737,780
Receivables:			
Accounts receivable, net	44,971	136,152	181,123
Interest receivable	245,494	27,806	273,300
Intergovernmental receivables	648,060	1,579	649,639
Loans receivable	794,533	-	794,533
Inventories	-	26,016	26,016
Prepaid expenses	15,284	-	15,284
Total current assets	2,858,645	2,819,030	5,677,675
Noncurrent assets:			
Capital assets:			
Nondepreciable	1,220,087	115,254	1,335,341
Depreciable	2,750,459	1,547,816	4,298,275
Total noncurrent assets	3,970,546	1,663,070	5,633,616
Total assets	6,829,191	4,482,100	11,311,291
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	280,045	256,521	536,566
Other postemployment benefits (OPEB)	7,851	14,343	22,194
Total deferred outflows of resources	287,896	270,864	558,760
Total assets and deferred outflows of resources	\$ 7,117,087	\$ 4,752,964	\$ 11,870,051
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 210,749	\$ 340,304	\$ 551,053
Accrued payroll	10,944	7,061	18,005
Compensated absences	19,764	31,405	51,169
Customer deposits	18,000	78,682	96,682
Notes payable due within one year	36,147	10,354	46,501
Total current liabilities	295,604	467,806	763,410
Noncurrent liabilities:			
Notes payable due after one year	9,691	3,836	13,527
Net pension liability	749,777	530,702	1,280,479
Net OPEB liability	85,096	96,931	182,027
Total noncurrent liabilities	844,564	631,469	1,476,033
Total liabilities	1,140,168	1,099,275	2,239,443
DEFERRED INFLOWS OF RESOURCES			
Pension plan	21,674	133,165	154,839
Other postemployment benefits (OPEB)	35,886	56,575	92,461
Total deferred inflows of resources	57,560	189,740	247,300
NET POSITION			
Net investment in capital assets	3,924,708	1,648,880	5,573,588
Restricted	262,161	1,891,515	2,153,676
Unrestricted	1,732,490	(76,446)	1,656,044
Total net position	5,919,359	3,463,949	9,383,308
Total liabilities, deferred inflows of resources and net position	\$ 7,117,087	\$ 4,752,964	\$ 11,870,051

The accompanying notes are an integral part of these basic financial statements.

City of Blue Lake, California
Statement of Activities
For the year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 359,255	\$ 39,630	129,348	\$ 764,133
Planning	108,962	109,432	-	-
Building	36,787	19,461	-	-
Public safety	201,762	52	191,910	-
Animal control	11,763	1,910	-	-
Facilities	16,627	15,538	-	-
Street maintenance and lighting	243,382	-	86,877	-
Parks and recreation	579,257	221,590	11,601	-
Housing and economic development	504	-	-	-
Public transit	19,584	-	32,000	-
Recycling	29,329	7,349	5,000	-
Interest	7,741	-	-	-
Total governmental activities	1,614,953	414,962	456,736	764,133
Business-type activities:				
Water	640,406	572,489	1,579	-
Sewer	672,425	587,135	-	-
Total business-type activities	1,312,831	1,159,624	1,579	-
Total primary government	\$ 2,927,784	\$ 1,574,586	\$ 458,315	\$ 764,133

General revenues:

Taxes:

Property taxes, levied for general purposes

Franchise fees

Sales and use tax

Transient occupancy tax

Motor vehicle in-lieu

Intergovernmental revenues

Investment earnings

Other general revenues

Total general revenues

Change in net position

Net position:

Beginning of year

End of year

The accompanying notes are an integral part of these basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
\$ 573,856	\$ -	\$ 573,856
470	-	470
(17,326)	-	(17,326)
(9,800)	-	(9,800)
(9,853)	-	(9,853)
(1,089)	-	(1,089)
(156,505)	-	(156,505)
(346,066)	-	(346,066)
(504)	-	(504)
12,416	-	12,416
(16,980)	-	(16,980)
(7,741)	-	(7,741)
20,878	-	20,878
-	(66,338)	(66,338)
-	(85,290)	(85,290)
-	(151,628)	(151,628)
\$ 20,878	\$ (151,628)	\$ (130,750)
\$ 166,499	\$ -	\$ 166,499
45,301	-	45,301
162,151	-	162,151
4,033	-	4,033
143,613	-	143,613
35,697	-	35,697
83,335	132,070	215,405
814	3,307	4,121
641,443	135,377	776,820
662,321	(16,251)	646,070
5,257,038	3,480,200	8,737,238
\$ 5,919,359	\$ 3,463,949	\$ 9,383,308

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

The Fund Financial Statements present only individual major funds, while non-major funds are combined in a single column. Major funds are defined as having significant activities or balances in the current year.

Fund	Description
Governmental Funds:	
General Fund	This fund is the general operating fund of the City which accounts for all financial resources except those legally or administratively required to be accounted for in other funds.
CDBG Fund	This fund accounts for the operations of the City's Community Development Block Grant Program.
SLESF Fund	This fund accounts for the City's receipt and use of State revenues derived from the Citizens' Option for Public Safety (COPS) Program for which the use is restricted to law enforcement/public safety activities.

City of Blue Lake, California

Balance Sheet

Governmental Funds

June 30, 2024

	Major Funds			Nonmajor Governmental Funds	Totals
	General Fund	Special Revenue Funds			
		CDBG Fund	SLESF Fund		
ASSETS					
Cash and investments	\$ 829,319	\$ 207,084	\$ 30,980	\$ 42,920	\$ 1,110,303
Receivables:					
Accounts receivable, net	44,971	-	-	-	44,971
Interest receivable	9,306	234,941	569	678	245,494
Intergovernmental receivables	459,735	-	-	188,325	648,060
Loans receivable	46,718	747,815	-	-	794,533
Due from other funds	230,007	-	-	-	230,007
Prepaid expenses	15,284	-	-	-	15,284
Total assets	\$ 1,635,340	\$ 1,189,840	\$ 31,549	\$ 231,923	\$ 3,088,652
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 178,421	\$ -	\$ 30,980	\$ 1,348	\$ 210,749
Accrued payroll	10,626	-	-	318	10,944
Compensated absences	18,872	-	-	892	19,764
Deposits payable	18,000	-	-	-	18,000
Due to other funds	-	-	-	230,007	230,007
Unearned revenue	84,646	979,993	-	163,035	1,227,674
Total liabilities	310,565	979,993	30,980	395,600	1,717,138
Fund balances:					
Nonspendable	15,284	-	-	-	15,284
Restricted	-	209,847	569	51,745	262,161
Committed	529,810	-	-	-	529,810
Unassigned (deficit)	779,681	-	-	(215,422)	564,259
Total fund balances	1,324,775	209,847	569	(163,677)	1,371,514
Total liabilities and fund balances	\$ 1,635,340	\$ 1,189,840	\$ 31,549	\$ 231,923	\$ 3,088,652

The accompanying notes are an integral part of these basic financial statements.

City of Blue Lake, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2024

Total fund balances - governmental funds	\$ 1,371,514
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Long-term receivables are not available to pay current period expenditures and, therefore, are unearned in the governmental funds.	1,227,674
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	3,970,546
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Note payable	(45,838)	
Net pension liability	(749,777)	
Net OPEB liability	<u>(85,096)</u>	(880,711)

Pension and OPEB obligations result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets, and liabilities.

Deferred outflows - pension	280,045	
Deferred outflows - OPEB	7,851	
Deferred inflows - pension	(21,674)	
Deferred inflows - OPEB	<u>(35,886)</u>	<u>230,336</u>

Net position of governmental activities		<u><u>\$ 5,919,359</u></u>
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The accompanying notes are an integral part of these basic financial statements.

City of Blue Lake, California

Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position

Governmental Activities

June 30, 2024

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Position
ASSETS				
Current assets:				
Cash and investments	\$ 1,110,303	\$ -	\$ -	\$ 1,110,303
Receivables:				
Accounts receivable, net	44,971	-	-	44,971
Interest receivable	245,494	-	-	245,494
Intergovernmental receivables	648,060	-	-	648,060
Loans receivable	794,533	-	-	794,533
Due from other funds	230,007	(230,007)	-	-
Prepaid expenses	15,284	-	-	15,284
Total current assets	3,088,652	(230,007)	-	2,858,645
Noncurrent assets:				
Capital assets, net	-	-	3,970,546	3,970,546
Total noncurrent assets	-	-	3,970,546	3,970,546
Total assets	3,088,652	(230,007)	3,970,546	6,829,191
DEFERRED OUTFLOWS OF RESOURCES				
OPEB	-	-	7,851	7,851
Pension plan	-	-	280,045	280,045
Total assets and deferred outflows of resources	\$ 3,088,652	\$ (230,007)	\$ 4,258,442	\$ 7,117,087
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 210,749	\$ -	\$ -	\$ 210,749
Accrued payroll	10,944	-	-	10,944
Compensated absences	19,764	-	-	19,764
Deposits payable	18,000	-	-	18,000
Due to other funds	230,007	(230,007)	-	-
Unearned revenue	1,227,674	(1,227,674)	-	-
Notes payable due within one year	-	-	36,147	36,147
Total current liabilities	1,717,138	(1,457,681)	36,147	295,604
Noncurrent liabilities:				
Note payable	-	-	9,691	9,691
Net OPEB obligation	-	-	85,096	85,096
Net pension liability	-	-	749,777	749,777
Total noncurrent liabilities	-	-	844,564	844,564
Total liabilities	1,717,138	(1,457,681)	880,711	1,140,168
DEFERRED INFLOWS OF RESOURCES				
OPEB	-	-	35,886	35,886
Pension plan	-	-	21,674	21,674
Total deferred inflows of resources	-	-	57,560	57,560
FUND BALANCES/NET POSITION				
Fund balances:				
Nonspendable reported in:				
General fund	15,284	(15,284)	-	-
Restricted reported in:				
Special revenue funds	262,161	(262,161)	-	-
Committed reported in:				
General fund	529,810	(529,810)	-	-
Unassigned (deficit), reported in:				
General fund	779,681	(779,681)	-	-
Special revenue funds	(215,422)	215,422	-	-
Net position:				
Net investment in capital assets	-	-	3,924,708	3,924,708
Restricted	-	-	262,161	262,161
Unrestricted	-	2,599,188	(866,698)	1,732,490
Total fund balances/ net position	1,371,514	1,227,674	3,320,171	5,919,359
Total liabilities and net position	\$ 3,088,652	\$ (230,007)	\$ 4,258,442	\$ 7,117,087

The accompanying notes are an integral part of these basic financial statements.

City of Blue Lake, California

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2024

	Major Funds				
	General Fund	Special Revenue Funds		Nonmajor Governmental Funds	Totals
		CDBG Fund	SLESF Fund		
REVENUES:					
Property taxes and assessments	\$ 310,112	\$ -	\$ -	\$ -	\$ 310,112
Sales and use tax	162,151	-	-	-	162,151
Transient occupancy tax	4,033	-	-	-	4,033
Licenses and permits	36,250	-	-	-	36,250
Charges for services	325,253	-	-	-	325,253
Franchise fees	45,301	-	-	-	45,301
Grants and donations	29,927	-	-	-	29,927
Intergovernmental revenues	724,811	-	177,430	207,345	1,109,586
Investment earnings	45,212	12,827	569	2,419	61,027
Use of money and property	48,915	23,418	-	-	72,333
Fines and penalties	4,340	-	-	-	4,340
Other revenues	1,178	-	-	-	1,178
Total revenues	1,737,483	36,245	177,999	209,764	2,161,491
EXPENDITURES:					
Current:					
General government	317,911	-	-	2,351	320,262
Planning	108,962	-	-	-	108,962
Building	36,787	-	-	-	36,787
Public safety	24,332	-	177,430	-	201,762
Animal control	11,763	-	-	-	11,763
Facilities	16,627	-	-	-	16,627
Street maintenance and lighting	131,784	-	-	-	131,784
Parks and recreation	456,908	-	-	60,969	517,877
Housing and economic development	-	504	-	-	504
Public transit	-	-	-	19,584	19,584
Recycling	-	-	-	29,329	29,329
Capital outlay	423,529	179,141	-	117,896	720,566
Debt service:					
Principal	169,643	-	-	-	169,643
Interest	7,741	-	-	-	7,741
Total expenditures	1,705,987	179,645	177,430	230,129	2,293,191
REVENUES OVER (UNDER)					
EXPENDITURES	31,496	(143,400)	569	(20,365)	(131,700)
OTHER FINANCING SOURCES (USES):					
Transfers in	163,239	-	-	-	163,239
Transfers out	-	(38,976)	-	(124,263)	(163,239)
Total other financing sources (uses)	163,239	(38,976)	-	(124,263)	-
Net change in fund balances	194,735	(182,376)	569	(144,628)	(131,700)
FUND BALANCES:					
Beginning of year	1,130,040	392,223	-	(19,049)	1,503,214
End of year	\$ 1,324,775	\$ 209,847	\$ 569	\$ (163,677)	\$ 1,371,514

The accompanying notes are an integral part of these basic financial statements.

City of Blue Lake, California

Reconciliation of Fund Basis Statements to Government-wide Statement of Activities

For the year ended June 30, 2024

Functions/Programs	Fund Based Totals	Debt Repayment	Depreciation	Capital Asset (Additions), Retirements & Adjustments	OPEB Obligation	Pension Plan	Government- wide Totals
Governmental activities:							
General government	\$ 320,262	\$ -	\$ 20,490	\$ -	\$ 6,232	\$ 12,271	\$ 359,255
Planning	108,962	-	-	-	-	-	108,962
Building	36,787	-	-	-	-	-	36,787
Public safety	201,762	-	-	-	-	-	201,762
Animal control	11,763	-	-	-	-	-	11,763
Facilities	16,627	-	-	-	-	-	16,627
Street maintenance and lighting	131,784	-	113,396	(1,798)	-	-	243,382
Parks and recreation	517,877	-	61,380	-	-	-	579,257
Housing and economic development	504	-	-	-	-	-	504
Public transit	19,584	-	-	-	-	-	19,584
Recycling	29,329	-	-	-	-	-	29,329
Capital outlay	720,566	-	-	(720,566)	-	-	-
Debt service:							
Principal	169,643	(169,643)	-	-	-	-	-
Interest	7,741	-	-	-	-	-	7,741
Total governmental activities	\$ 2,293,191	\$ (169,643)	\$ 195,266	\$ (722,364)	\$ 6,232	\$ 12,271	\$ 1,614,953

The accompanying notes are an integral part of these basic financial statements.

City of Blue Lake, California

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the year ended June 30, 2024

Net change in fund balances - governmental funds	\$	(131,700)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	\$	722,364	
Depreciation expense		<u>(195,266)</u>	527,098

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in net pension liability	(12,271)	
Change in net OPEB liability	<u>(6,232)</u>	(18,503)

This is the amount of revenue recognized under the accrual method which is more than the amount of revenue recognized under the modified accrual method in the current period.

137,240

Certain loan receivables are reported in the governmental funds as expenditures and then offset by an unearned revenue as they are not available to pay current expenditures. Likewise, when the loan is collected it is reflected in revenue. This is the net change between loan receivables collected and issued.

(21,457)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

169,643

Change in net position of governmental activities

\$ **662,321**

The accompanying notes are an integral part of these basic financial statements.

PROPRIETARY FUNDS

Proprietary funds account for City's operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

All of the City's Enterprise Funds have been identified as major proprietary funds.

Fund	Description
MAJOR FUNDS:	
Water Utility Fund	This fund accounts for the operations of the City's water utility, a self-supporting activity which renders services on a user-charge basis to its customers.
Sewer Utility Fund	This fund accounts for the operations of the City's wastewater utility, a self-supporting activity which renders services on a user-charge basis to its customers.

City of Blue Lake, California

Statement of Net Position

Enterprise Funds

June 30, 2024

	Water Fund	Sewer Fund	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 973,751	\$ 1,653,726	\$ 2,627,477
Receivables:			
Accounts receivable, net	72,989	63,163	136,152
Interest receivable	9,556	18,250	27,806
Intergovernmental receivables	1,579	-	1,579
Inventories	23,141	2,875	26,016
Total current assets	<u>1,081,016</u>	<u>1,738,014</u>	<u>2,819,030</u>
Noncurrent assets:			
Capital assets, net	776,533	886,537	1,663,070
Total assets	<u>1,857,549</u>	<u>2,624,551</u>	<u>4,482,100</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	122,083	134,438	256,521
Other postemployment benefits (OPEB)	6,635	7,708	14,343
Total deferred outflows of resources	<u>128,718</u>	<u>142,146</u>	<u>270,864</u>
Total assets and deferred outflows of resources	<u>\$ 1,986,267</u>	<u>\$ 2,766,697</u>	<u>\$ 4,752,964</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 318,522	\$ 21,782	\$ 340,304
Accrued payroll	3,468	3,593	7,061
Compensated absences	13,909	17,496	31,405
Customer deposits	78,682	-	78,682
Notes payable, due within one year	10,354	-	10,354
Unearned revenues	-	-	-
Total current liabilities	<u>424,935</u>	<u>42,871</u>	<u>467,806</u>
Noncurrent liabilities:			
Notes payable, due after one year	3,836	-	3,836
Net pension liability	229,736	300,966	530,702
Net OPEB liability	45,628	51,303	96,931
Total liabilities	<u>704,135</u>	<u>395,140</u>	<u>1,099,275</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan	71,809	61,356	133,165
Other postemployment benefits (OPEB)	26,819	29,756	56,575
Total deferred inflows of resources	<u>98,628</u>	<u>91,112</u>	<u>189,740</u>
NET POSITION			
Net investment in capital assets	762,343	886,537	1,648,880
Restricted for capital projects	218,605	1,672,910	1,891,515
Unrestricted	202,556	(279,002)	(76,446)
Total net position	<u>1,183,504</u>	<u>2,280,445</u>	<u>3,463,949</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,986,267</u>	<u>\$ 2,766,697</u>	<u>\$ 4,752,964</u>

The accompanying notes are an integral part of these basic financial statements.

City of Blue Lake, California

Statement of Revenues, Expenses, and Changes in Fund Net Position

Enterprise Funds

For the year ended June 30, 2024

	Water Fund	Sewer Fund	Totals
OPERATING REVENUES:			
Charges for services	\$ 557,050	\$ 572,451	\$ 1,129,501
Other operating revenues	15,439	14,684	30,123
Total operating revenues	572,489	587,135	1,159,624
OPERATING EXPENSES:			
Salaries and benefits	267,213	287,595	554,808
Water purchases	194,051	-	194,051
Repairs, maintenance, and supplies	16,544	42,698	59,242
Professional services	46,003	41,845	87,848
Administration and other	45,639	72,373	118,012
Utilities	31,569	70,013	101,582
Depreciation	38,782	105,625	144,407
Total operating expenses	639,801	620,149	1,259,950
OPERATING INCOME(LOSS)	(67,312)	(33,014)	(100,326)
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental revenues	1,579	-	1,579
Interest revenue	46,985	85,085	132,070
Other nonoperating revenues (expenses)	3,307	(52,276)	(48,969)
Interest expense	(605)	-	(605)
Total non-operating revenues, net	51,266	32,809	84,075
NET INCOME BEFORE TRANSFERS	(16,046)	(205)	(16,251)
Transfers in	-	-	-
Transfers out	-	-	-
Total transfers	-	-	-
CHANGE IN NET POSITION	(16,046)	(205)	(16,251)
NET POSITION:			
Beginning of year	1,199,550	2,280,650	3,480,200
End of year	<u>\$ 1,183,504</u>	<u>\$ 2,280,445</u>	<u>\$ 3,463,949</u>

The accompanying notes are an integral part of these basic financial statements.

City of Blue Lake, California
Statement of Cash Flows
Enterprise Funds
For the year ended June 30, 2024

	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and interfund charges	\$ 556,884	\$ 650,296	\$ 1,207,180
Cash payments to suppliers for goods and services	(42,907)	(218,839)	(261,746)
Cash payments to employees for services	(275,260)	(294,193)	(569,453)
Net cash provided (used) by operating activities	238,717	137,264	375,981
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Nonoperating amounts received (paid)	4,886	(52,276)	(47,390)
Net cash provided (used) by noncapital financing activities	4,886	(52,276)	(47,390)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments of notes payable	(10,975)	-	(10,975)
Interest paid	(605)	-	(605)
Acquisition and construction of capital assets	(350,335)	(133,659)	(483,994)
Net cash provided (used) by capital and related financing activities	(361,915)	(133,659)	(495,574)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment revenue received	44,801	79,416	124,217
Net cash provided (used) by investing activities	44,801	79,416	124,217
Net increase (decrease) in cash and cash equivalents	(73,511)	30,745	(42,766)
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,047,262	1,622,981	2,670,243
End of year	<u>\$ 973,751</u>	<u>\$ 1,653,726</u>	<u>\$ 2,627,477</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (67,312)	\$ (33,014)	\$ (100,326)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	38,782	105,625	144,407
Pension expense	(13,781)	(12,844)	(26,625)
OPEB expense	4,702	5,169	9,871
(Increase) decrease in current assets:			
Accounts receivable	(17,882)	6,691	(11,191)
Intergovernmental receivables	(1,579)	55,251	53,672
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	292,786	8,411	301,197
Accrued payroll	1,032	1,077	2,109
Compensated absences	647	1,219	1,866
Customer deposits	3,209	-	3,209
Unearned revenues	-	-	-
Net cash provided by operating activities	\$ 238,717	\$ 137,264	\$ 375,981

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2024.

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NOTES TO BASIC FINANCIAL STATEMENTS

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City of Blue Lake, California
Basic Financial Statements
For the year ended June 30, 2024

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City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Blue Lake, California (the "City") was incorporated April 23, 1910, under the provisions of the State of California. On August 1, 1996, the City changed its form of government and currently operates under a Council/City Manager form of government and provides the following services: public safety (police, animal control and building official), water and sewer services, park facilities and recreation programs, streets and road maintenance, industrial park management, recycling, regional facilities for the County Library District, housing and business expansion and retention (CDBG) grants, and general municipal government administrative services.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The City applies all GASB pronouncements to its activities.

In addition, the City applies all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Financial Reporting Entity

The City operates as a self-governing local government unit within the State. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. The City's main funding sources include property taxes, other intergovernmental revenue from state and federal sources, user fees, and sales taxes.

The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the City has the ability to impose its will on the organization, or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the City.

There are no component units of the City that meet the criteria for discrete presentation.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions restricted to the operating or capital requirements of a specific function or segment. All taxes and internally dedicated resources are reported as *general revenues* rather than program revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and,
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

The City reports the following major funds:

- General Fund
- CDBG Special Revenue Fund
- SLESF Special Revenue Fund

Descriptions of these funds are included on the divider page preceding the Governmental Funds Balance Sheet.

The funds of the financial reporting entity are described below:

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Governmental Funds

General Fund

The General Fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund. From this fund are paid the City's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.

Special Revenue Funds

The Special Revenue Funds are used to account for specific revenues that are legally or otherwise restricted to expenditures for particular purposes.

Capital Project Funds

The Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities and other capital assets (other than those financed by enterprise funds).

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the government-wide Statement of Net Position and the Statement of Activities, governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as Net Position, which serves as an indicator of financial position.

In the fund financial statements, the "current financial resources" measurement focus is used for governmental funds. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Measurement Focus, Continued

The enterprise funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. Enterprise fund equity is classified as net position.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual (both measurable and available – collectable within the current period or within 60 days after year end) and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

The enterprise funds and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Operating revenues in the fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Assets, Liabilities, and Net Position/Fund Balance

Cash and Investments

The City pools idle cash from all funds for the purpose of increasing income through investment. Earnings from such investments are allocated to the respective funds based on the applicable cash balance of each fund.

In accordance with the City’s investment policy, idle cash may be invested in the State of California Local Agency Investment Fund (LAIF).

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash and Investments, Continued

The City's cash and cash equivalents for the Statement of Cash Flows purposes include cash on hand, demand deposits, restricted cash, and investments held in the California State Treasurer's Local Agency Investment Fund (LAIF).

The City's investments are carried at fair value.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, sales and use taxes, intergovernmental subventions, interest earnings, and expense reimbursements.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, sales tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred inflows in the fund financial statements in accordance with the modified accrual basis, but not deferred inflows in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The City's experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as due to/from other funds (the current portion of interfund loans) or advances to/from other funds (the noncurrent portion of interfund loans).

Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when used or consumed. Inventory of the enterprise funds consists primarily of materials and supplies for utility operations.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental fund financial statements, prepaid items are offset with a nonspendable fund balance for long-term assets to indicate they do not constitute current resources available for appropriation.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost, if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Policy has set the capitalization threshold for reporting at \$5,000.

Government-Wide Statements

Public domain (infrastructure) capital assets include roads, bridges, streets, drainage systems, and pumps.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. Since then these assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Buildings	15 – 40 years
Water and sewer system	25 – 50 years
Machinery and equipment	3 – 15 years
Improvements	15 – 40 years
Other infrastructure	25 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Compensated Absences

Employees accrue personal leave, management leave, and compensatory time off benefits. City employees have vested interests in the amount of accrued time off and are paid on termination. All personal leave pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for the entire amount is reported in the governmental funds. The general fund is typically used to liquidate compensated absences.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Unearned Revenues

Unearned revenues in governmental funds arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues in enterprise funds and the statement of net position arise when resources are received by the City before it has legal claim to them, (i.e., when grant monies are received prior to the incurrence of qualifying expenses).

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items reported as a deferred outflow of resources. The items relate to the City’s net pension and net OPEB liabilities and are reported in the government-wide and proprietary fund statements of net position.

In addition to liabilities, the statement of position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items reported as a deferred inflow of resources. The items relate to the City’s net pension and net OPEB liabilities and are reported in the government-wide and proprietary fund statements of net position.

Other Postemployment Benefits (OPEB)

For the purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, generally accepted accounting principles require that the reported results must pertain to asset and liability information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s California Public Employees Retirement System (CalPERS) Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Position/Fund Balance

Government-Wide Statements

Equity is classified as net position and is displayed in three components:

- a. *Net investment in capital assets* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – consists of net position with constraints placed on the use by external groups such as creditors, grantors, contributors, or by laws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the City:

Nonspendable Fund Balance –

- Assets that will never convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

Restricted Fund Balance –

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (creditors, grantors, contributors and other governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (e.g., gas tax).

Committed Fund Balance –

- Self-imposed limitations set in place prior to the end of the period (encumbrances, economic contingencies and uncertainties).
- Limitation at the highest level of decision-making (Council) that requires formal action at the same level to remove.
- Council Resolution is required to be taken to establish, modify, or rescind a fund balance commitment.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Position/Fund Balance, Continued

Assigned Fund Balance –

- Amounts in excess of nonspendable, restricted and committed fund balance in funds other than the general fund automatically are reported as assigned fund balance.
- The City Council delegates the authority to the City Manager to assign fund balance amounts to specific purposes when such purposes are enacted by the City Council.

Unassigned Fund Balance –

- Residual net resources.
- Total fund balance in the general fund in excess of nonspendable, restricted, committed and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

Revenues, Expenditures, and Expenses

Property Tax

The County of Humboldt (County) is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The City recognizes property taxes when the individual installments are due, provided they are collected within 60 days after year-end.

Secured property taxes are levied on or before the first day of March of each year. They become a lien on real property on March 1 preceding the fiscal year for which taxes are levied. These taxes are paid in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, cost, and interest when paid. If the delinquent taxes are not paid at the end of five years, the property is sold at public auction and the proceeds are used to pay the delinquent amounts due. Any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payments and delinquent dates, but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on March 1, and become delinquent, if unpaid on August 31.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The City participates in an alternative method of distribution of property tax levies and assessments known as the “Teeter Plan.” The State Revenue and Taxation Code allow counties to distribute secured real property, assessment, and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments and penalties and interest during a fiscal year will revert to Humboldt County.

Interfund Transfers

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Budgetary Accounting

The City Council reviews and adopts annual budgets for the General, Special Revenue, and Capital Project Funds. Budgetary control is legally maintained at the fund level for these funds. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City Council may approve budget amendments by motion during the fiscal year. Only the City Council can authorize transfers between funds and approve interfund loans. The City Manager is authorized to transfer budgeted amounts within a fund without formal council action or approval.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. The City Council approved one supplemental appropriation during the fiscal year ended June 30, 2024. Budget information is presented for the General, Special Revenue and Capital Project Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Reclassifications

Certain amounts have been reclassified to provide for comparable results on a year to year basis.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

2. CASH AND INVESTMENTS

At June 30, 2024, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

	Not rated	Fair Market Value
<u>Cash equivalents and investments pooled</u>		
Pooled cash, at fair value		
Cash in bank	\$ 102,840	\$ 102,840
Cash on hand	3,780	3,780
Total pooled items	<u>106,620</u>	<u>106,620</u>
Pooled investments, at fair value		
State of California Local Agency Investment Fund	3,631,160	3,631,160
Total pooled investments	<u>3,631,160</u>	<u>3,631,160</u>
Total cash equivalents and investments pooled	<u>\$ 3,737,780</u>	<u>\$ 3,737,780</u>

Amounts reported in:

	Restricted (legally or contractually)	Unrestricted	Totals
Governmental funds			
General	\$ -	\$ 829,319	\$ 829,319
Special revenue	280,984	-	280,984
Total governmental funds	<u>\$ 280,984</u>	<u>\$ 829,319</u>	<u>\$ 1,110,303</u>
Enterprise funds			
Water	\$ 218,605	\$ 755,146	\$ 973,751
Sewer	1,653,726	-	1,653,726
Total enterprise funds	<u>\$ 1,872,331</u>	<u>\$ 755,146</u>	<u>\$ 2,627,477</u>
Governmental activities	\$ 280,984	\$ 829,319	\$ 1,110,303
Business-type activities	1,872,331	755,146	2,627,477
Total	<u>\$ 2,153,315</u>	<u>\$ 1,584,465</u>	<u>\$ 3,737,780</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Average Annual Yield</u>
Local Agency Investment Fund	\$ 3,631,160	0.00	2.17%

California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The only authorized investment vehicles that address interest rate risk, credit risk, and concentration of credit risk, per the City's investment policy, are the State of California Local Agency Investment Fund (LAIF) and certificates of deposit in California financial institutions.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

2. CASH AND INVESTMENTS, Continued

Concentration of credit risk – The City’s investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government’s total investments. The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City’s Investment Policy, which is accepted annually by the City Council. There were no concentrations in any one issuer for the year.

The City participates in an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF) which has invested 3% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk such as changes in interest rates.

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s Investment Policy addresses custodial credit risk, which follows the Government Code.

Custodial credit risk – investments. For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside counterparty. For the investments maintained by the City, no security was uninsured or unregistered or held by a brokerage firm which is also the counterparty for the security.

At June 30, 2024, the carrying amount of the City’s deposits was \$102,840 and the balances in financial institutions were \$477,992. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance. Amounts that exceeds the federal depository insurance \$250,000 coverage was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City. Investments were held by the custodial agent, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million.

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. As of June 30, 2024, the total fair value amount invested by all public agencies in LAIF is \$21.974 billion of which the City’s fair value amount is \$3,631,160. Of the total invested, 3% was invested in Structured Notes and Asset-Backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the City’s investment in this pool is reported in the accompanying financial statements at amounts based upon the City’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

3. RECEIVABLES

Receivables consisted of the following at June 30, 2024:

	Governmental Activities	Business-type Activities	Total
Accounts	\$ 44,971	\$ 136,152	\$ 181,123
Interest	245,494	27,806	273,300
Intergovernmental	648,060	1,579	649,639
Loans	794,533	-	794,533
Total	<u>\$ 1,733,058</u>	<u>\$ 165,537</u>	<u>\$ 1,898,595</u>

These amounts resulted in the following concentrations in receivables:

Individuals / Businesses	63.6%
Other governments	34.2%
Financial	2.2%

Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business, financial institution, or government agency.

4. LOANS RECEIVABLE

At June 30, 2024, notes receivable consist of the following:

	Beginning July 1, 2023	Additions	Deletions	Ending June 30, 2024
Residential redevelopment	\$ 812,754	\$ -	\$ (19,421)	\$ 793,333
Business development	3,600	-	(2,400)	1,200
Total loans/notes receivable	<u>\$ 816,354</u>	<u>\$ -</u>	<u>\$ (21,821)</u>	<u>\$ 794,533</u>

The loans consist of deferred repayment and below market interest rate housing rehabilitation and business development loans. Substantially all of these loans are secured by deeds of trust and are repayable upon the sale or transfer of the underlying properties.

Substantially all the receivables are expected to be collected more than one year after the date of these financial statements.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance June 30, 2023	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2024
<u>Governmental activities:</u>				
Nondepreciable assets:				
Land	\$ 480,284	\$ -	\$ -	\$ 480,284
Construction in progress	236,265	532,805	(29,267)	739,803
Total nondepreciable assets	716,549	532,805	(29,267)	1,220,087
Depreciable assets:				
Land improvements	1,563,111	-	-	1,563,111
Infrastructure	2,303,751	7,748	-	2,311,499
Buildings and improvements	1,242,743	208,408	-	1,451,151
Machinery and equipment	327,537	2,670	-	330,207
Software	5,300	-	-	5,300
Total depreciable assets	5,442,442	218,826	-	5,661,268
Total	6,158,991	751,631	(29,267)	6,881,355
Accumulated depreciation:				
Land improvements	(333,829)	(66,516)	-	(400,345)
Infrastructure	(1,100,692)	(92,662)	-	(1,193,354)
Buildings and improvements	(979,756)	(32,843)	-	(1,012,599)
Machinery and equipment	(299,676)	(2,185)	-	(301,861)
Software	(1,590)	(1,060)	-	(2,650)
Total accumulated depreciation	(2,715,543)	(195,266)	-	(2,910,809)
Net depreciable assets	2,726,899	23,560	-	2,750,459
Total net capital assets	\$ 3,443,448	\$ 556,365	\$ (29,267)	\$ 3,970,546

Depreciation expense for capital assets was charged to categories as follows:

Governmental Activities	
General government	\$ 20,490
Street maintenance and lighting	113,396
Parks and recreation	61,380
Total	<u>\$ 195,266</u>

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

5. CAPITAL ASSETS, Continued

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance June 30, 2023	Additions	Transfers/ Deletions	Balance June 30, 2024
<u>Business-type activities:</u>				
Nondepreciable assets:				
Land	\$ 74,877	\$ 6,000	\$ -	\$ 80,877
Construction in progress	34,377	-	-	34,377
Total nondepreciable assets	109,254	6,000	-	115,254
Depreciable assets:				
Buildings and improvements	15,916	-	-	15,916
Machinery and equipment	686,041	5,340	-	691,381
Water system	1,399,747	341,665	-	1,741,412
Sewer system	2,341,300	130,989	-	2,472,289
Total depreciable assets	4,443,004	477,994	-	4,920,998
Total	4,552,258	483,994	-	5,036,252
Accumulated depreciation:				
Buildings and improvements	(15,916)	-	-	(15,916)
Machinery and equipment	(535,998)	(20,652)	-	(556,650)
Water system	(1,077,688)	(25,666)	-	(1,103,354)
Sewer system	(1,599,173)	(98,089)	-	(1,697,262)
Total accumulated depreciation	(3,228,775)	(144,407)	-	(3,373,182)
Net depreciable assets	1,214,229	333,587	-	1,547,816
Total net capital assets	\$ 1,323,483	\$ 339,587	\$ -	\$ 1,663,070

Depreciation expense for capital assets was charged to functions as follows:

Business-Type Activities	
Water fund	\$ 38,782
Sewer fund	105,625
Total	<u>\$ 144,407</u>

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2024:

	Governmental Activities	Business-type Activities	Total
Accounts payable and accrued liabilities	\$ 210,749	\$ 340,304	\$ 551,053
Accrued payroll and compensated absences	30,708	38,466	69,174
Total	<u>\$ 241,457</u>	<u>\$ 378,770</u>	<u>\$ 620,227</u>

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or individual.

7. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Notes payable - Governmental Activities	\$ 215,481	\$ -	\$ (169,643)	\$ 45,838	\$ 36,147
Notes payable - Water Fund	25,165	-	(10,975)	14,190	10,354
Total noncurrent liabilities	<u>\$ 240,646</u>	<u>\$ -</u>	<u>\$ (180,618)</u>	<u>\$ 60,028</u>	<u>\$ 46,501</u>

Notes payable – Governmental Activities

In 2020, the City entered into a loan agreement with the Redwood Region Economic Development Commission for the purposes of purchasing real estate. The loan amount totaled \$225,000 and bears an interest rate of 5% per annum for 7 years. Payments are due in 84 equal monthly payments of \$1,237, beginning February 1, 2021 and ending January 1, 2028, after which a final balloon payment of all unpaid principal and interest is due. The loan is secured by the purchased real estate.

Notes payable – Water Fund

In 2015, the City entered into a loan agreement with the National Rural Water Association for the purposes of financing water system improvements. The loan amount totaled \$99,937 and bears an interest rate of 3% per annum for 10 years. Payments are due in 120 equal monthly payments of \$965, beginning November 1, 2015 and ending October 1, 2025. The loan is secured by Water Fund capital assets.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

7. LONG-TERM LIABILITIES, Continued

The following is the debt service obligations of the City for the notes payable:

Year Ending June 30,	Notes Payable - Water Fund		Notes Payable - Governmental Activities	
	Principal	Interest	Principal	Interest
2025	\$ 10,354	\$ 299	\$ 36,147	\$ 1,051
2026	3,836	24	9,691	180
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
Total	<u>\$ 14,190</u>	<u>\$ 323</u>	<u>\$ 45,838</u>	<u>\$ 1,231</u>
Due within one year	\$ 10,354	\$ 299	\$ 36,147	\$ 1,051
Due after one year	3,836	24	9,691	180
Total	<u>\$ 14,190</u>	<u>\$ 323</u>	<u>\$ 45,838</u>	<u>\$ 1,231</u>

8. NET POSITION/ FUND BALANCES

Net Position

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 3,924,708	\$ 1,648,880	\$ 5,573,588
Restricted	262,161	1,891,515	2,153,676
Unrestricted	1,732,490	(76,446)	1,656,044
Total	<u>\$ 5,919,359</u>	<u>\$ 3,463,949</u>	<u>\$ 9,383,308</u>

Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions of the restrictions below.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

8. NET POSITION/ FUND BALANCES, Continued

Fund Balance

Fund balance consisted of the following at June 30, 2024:

Nonspendable:	
Major Funds:	
General Fund	\$ 15,284
Total Nonspendable	15,284
Restricted:	
Major Funds:	
CDBG Fund	209,847
SLESF Fund	569
Total Major Funds- Restricted	210,416
Nonmajor Funds:	
Highway Users Tax Fund	28,002
TDA Purchased Transportation Fund	14,056
AB-939 Solid Waste Reduction/Recycling Fund	9,687
Total Nonmajor Funds- Restricted	51,745
Total Restricted	262,161
Committed:	
Major Funds	
General Fund	529,810
Total Committed	529,810
Unassigned (deficit):	
Major Funds:	
General Fund	779,681
Total Major Funds- Unassigned	779,681
Nonmajor Funds:	
Recreation Economic Analysis Fund	(117,044)
State Park Per Capita Program Fund	(96,944)
Bike and Skate Park Fund	(1,434)
Total Nonmajor Funds- Unassigned	(215,422)
Total Unassigned	564,259
Total Fund Balance	\$ 1,371,514

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

8. NET POSITION/ FUND BALANCES, Continued

Detailed classifications of the City's fund balances at June 30, 2024 are as follows:

	General Fund	CDBG Fund	SLESF Fund	Other Special Revenue Funds	Total
Nonspendable:					
Prepays and deposits	\$ 15,284	\$ -	\$ -	\$ -	\$ 15,284
Total Nonspendable	15,284	-	-	-	15,284
Restricted for:					
Housing	-	209,847	-	-	209,847
Public Safety	-	-	569	-	569
Purchased Transportation	-	-	-	14,056	14,056
Solid Waste Reduction/Recycling	-	-	-	9,687	9,687
Streets	-	-	-	28,002	28,002
Total Restricted	-	209,847	569	51,745	262,161
Committed to:					
Economic and Other Uncertainties	388,000				388,000
Employee Insurance	40,369				40,369
Housing and Economic Development	94,771				94,771
Risk Management	6,670				6,670
Total Committed	529,810	-	-	-	529,810
Unassigned	779,681		-	(215,422)	564,259
Total Fund Balances	\$ 1,324,775	\$ 209,847	\$ 569	\$ (163,677)	\$ 1,371,514

Excess of Expenditures and Transfers Over Appropriations: Expenditures and transfers exceeded appropriations for the year ended June 30, 2024, for the following funds:

	Final Budget	Total Expenditures and Transfers	Excess Expenditures Over Appropriations
<u>Governmental Activities</u>			
Major Funds			
CDBG Special Revenue Fund	\$ 217,242	\$ 218,621	\$ (1,379)
Nonmajor Funds:			
Highway Users Tax Special Revenue Fund	68,423	92,447	(24,024)
American Rescue Plan COVID Relief Fund	93,837	97,060	(3,223)
TDA Street Special Revenue Fund	22,343	24,356	(2,013)

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

9. INTERFUND TRANSACTIONS

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Due to and due from other funds consisted of the following as of June 30, 2024:

	Due from other funds	Due to other funds
<u>Governmental Activities</u>		
Major Funds:		
General Fund	\$ 230,007	\$ -
Total Major Funds	230,007	-
Non-major Funds:		
Special Revenue Funds:		
Caltrans Grant	-	-
Highway Users Tax Fund	-	-
TDA Street Fund	-	14,683
Recreation Economic Analysis Fund	-	116,946
State Park Per Capita Program Fund	-	96,944
Bike and Skate Park Fund	-	1,434
Total Non-major Special Revenue Funds	-	230,007
Total Governmental Activities	230,007	230,007
Total	\$ 230,007	\$ 230,007

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers consisted of the following at June 30, 2024:

	Transfers In	Transfers Out
<u>Governmental Activities</u>		
Major Funds:		
General Fund	\$ 163,239	\$ -
CDBG Fund	-	38,976
Total Major Funds	163,239	38,976
Non-major Funds:		
Special Revenue Funds:		
Highway Users Tax Fund	-	92,447
TDA Street Fund	-	24,356
Regional Surface Transportation Program (RSTP) Fund	-	7,460
Total Non-major Special Revenue Funds	-	124,263
Total Governmental Activities	163,239	163,239
Total Transfers	\$ 163,239	\$ 163,239

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

10. SELF-INSURED RETENTION FUNDS

The City's liability insurance carrier requires the City to maintain \$15,000 in reserve (SIR Reserve) for potential claims against the City. The City maintains \$20,000 in reserve.

11. RISK MANAGEMENT

As of July 1, 1986, the City entered into a joint powers agreement for insurance coverage. The City of Blue Lake is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; and natural disasters for which the Member Entity obtains insurance coverage.

The City is a member of California Intergovernmental Risk Authority (CIRA), formerly Public Agency Risk Sharing Authority of California - PARSAC, a joint powers authority, which provides joint protection programs for public entities covering automobile, general liability, errors and omission losses, workers' compensation, and property claims. Under the program, the City has a \$5,000 retention limit similar to a deductible with the Authority being responsible for losses above that amount up to \$1 million. The Authority has additional coverage of \$40 million in excess of its \$1 million retention limit through affiliated risk management authorities. The Authority also provides one billion dollars aggregate per occurrence property coverage to its members with such coverage provided by purchased insurance.

Liabilities of the City are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRS). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example, from salvage or subrogation, are another component of the claims liability estimate.

The Authority covers workers' compensation claims up to its self-insurance limit of \$500,000. The Local Agency Workers Compensation Excess Pool provides excess coverage to statutory limits. The City pays an annual premium to the Authority and may share in any surplus revenues or may be required to pay additional assessments based upon the Authority's operating results. Financial statements of CIRA may be obtained from its administrative office located at 2330 E. Bidwell Street, Suite 150, Folsom, CA 95630.

The City maintains no other commercial and risk pool coverage covering each of those risks of loss. Settled claims have not exceeded coverage in any of the past five years.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

12. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

General Information about the Pension Plans

Plan Descriptions

All qualified employees are eligible to participate in the City's separate Miscellaneous and Safety Employee Pension Plans. Both plans are part of a separate cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public entities within the state of California. Benefit provisions are established by State statute and City resolution. A full description of the pension plan benefit provisions, assumptions and membership information can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for PEPRAs employees) with statutorily reduced benefits based on earnings and service credits. All members are eligible for non-duty disability benefits after 10 years of credited service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous (Classic)	Miscellaneous (PEPRA)	Safety (Classic)
	Prior to January 1, 2013	After January 1, 2013	Prior to January 1, 2013
Hire date			
Benefit formula	2% @ 55	2% @ 62	2% @ 50
Benefit vesting schedule	5 years service	5 years service	5 years
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	52	50
Monthly benefits, as a % of eligible compensation	2.0% - 2.5%	1.0 - 2.0%	1.0% - 2.5%
Required employee contribution rates	8.0%	7.75%	(1)
Required employer contribution rates	14.06%	7.68%	(1)
Required unfunded accrued liability payments	\$79,787	\$0	\$7,075

(1) Currently, the City has no active safety employees as it outsources its law enforcement services. As a result, there is no current required rate of contributions.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

12. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2024, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety
Contributions - employer	\$ 133,259	\$ 7,671

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2024, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 1,170,077
Safety	110,402
Total Net Pension Liability	\$ 1,280,479

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2023, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for each Plan as of June 30, 2024 and 2023 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2023	0.02409%	0.00155%
Proportion - June 30, 2024	0.02340%	0.00148%
Change - Increase/(Decrease)	-0.00069%	-0.00007%

For the year ended June 30, 2024, the City recognized pension expense of \$126,576. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

12. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 77,086	\$ -
Differences between Expected and Actual Experience	67,879	9,966
Differences between Projected and Actual Investment Earnings	204,555	-
Differences between Employer's Contributions and Proportionate Share of Contributions	45,255	3,398
Change in Employer's Proportion	861	141,475
Pension Contributions Made Subsequent to Measurement Date	140,930	-
	<u>\$ 536,566</u>	<u>\$ 154,839</u>

\$140,930 is reported as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended 30-Jun	
2025	\$ 43,012
2026	33,661
2027	158,267
2028	5,858
	<u>\$ 240,798</u>

Actuarial Methods and Assumptions

The total pension liability was determined by actuarial valuations as of June 30, 2022, which were rolled forward to June 30, 2023, using the following actuarial methods and assumptions:

Actuarial Methods and Assumptions:	
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Investment rate of return	6.90%, net of pension plan expenses, including inflation
Payroll growth	2.75%
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Mortality rate table	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	Contract COLA up to 2.3% until purchasing power protection allowance floor on purchasing power applies

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

12. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

All other actuarial assumptions were based on the results of the December 2017 actuarial experience study for the experience study periods 1997 to 2015. The experience study can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 6.90 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90 percent is applied to all plans in the Public Employees' Retirement Fund (PERF).

Changes of Assumptions

The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

12. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Asset Class	Current Target Allocation	Real Return Years 1 - 10 ^{1,2}
Global equity - cap- weighted	30.0%	4.45%
Global equity non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	<u>100.0%</u>	

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Management study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Net Pension Liability as of June 30, 2023			
Miscellaneous	\$ 1,634,136	\$ 1,170,077	\$ 788,116
Safety	152,437	110,402	76,036
Total	<u>\$ 1,786,573</u>	<u>\$ 1,280,479</u>	<u>\$ 864,152</u>

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

13. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City administers a single-employer defined-benefit post-employment healthcare plan.

Benefits Provided

Retirees are eligible for medical benefits after 15 years of service. The City covers 50% of the retiree's health insurance premiums up to the age of 65. Benefits are not provided for retiree spouse or dependent health care coverage.

Employees Covered by Benefit Terms

At June 30, 2023 (the measurement date), the following employees were covered by the benefit terms:

Inactive Employees Receiving Benefits	0
Inactive Employees Entitled to But Not Receiving Benefits	0
Participating Active Employees	7
Total Number of participants	7

Contributions

The City pays benefits as they come due.

Actuarial Methods and Assumptions

The City's net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022 based on the following actuarial methods and assumptions:

Actuarial Methods and Assumptions:	
Actuarial cost method	Entry-age actuarial cost method
Actuarial assumptions:	
Discount rate	3.65%, net of expenses
Inflation	2.50%
Salary increases	2.75% per annum
Investment rate of return	3.65%, net of expenses
Mortality rate ⁽¹⁾	2021 CalPERS Mortality for Miscellaneous and Schools Employees
Retirement rates	Hired 2013 and later: 2021 CalPERS 2.0%@62 Rates for Miscellaneous Employees Hired 2012 and earlier: 2021 CalPERS 2.5%@55 Rates for Miscellaneous Employees
Pre-retirement turnover ⁽²⁾	2021 CalPERS Turnover for Miscellaneous Employees
Healthcare trend rate	4.00%

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

13. OTHER POST EMPLOYMENT BENEFITS, Continued

(1) The mortality assumptions are based on the 2021 CalPERS Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

(2) The turnover assumptions are based on the 2021 CalPERS Turnover for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65 percent. Since the City's OPEB Plan is an unfunded plan, the discount rate is based on an index of 20-year general obligation municipal bonds rate AA or higher.

Changes in the Net OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/2022 Measurement Date	\$ 161,406	\$ -	\$ 161,406
Changes for the year			
Service Cost	16,835	-	16,835
Interest on TOL	6,012	-	6,012
Employer Contributions	-	-	-
Benefit Payments	-	-	-
Actual Investment Income	-	-	-
Administrative expenses	-	-	-
Changes in Assumptions	(2,226)	-	(2,226)
Experience (Gains)/Losses	-	-	-
Other	-	-	-
Net Changes	20,621	-	20,621
Balance at 6/30/2023 Measurement Date	\$ 182,027	\$ -	\$ 182,027

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Net OPEB Liability	\$ 202,471	\$ 182,027	\$ 164,294

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

13. OTHER POST EMPLOYMENT BENEFITS, Continued

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (3.00%)	Current Trend (4.00%)	1% Increase (5.00%)
Net OPEB Liability	\$ 154,951	\$ 182,027	\$ 214,779

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARS�)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$16,103. As of fiscal year ended June 30, 2024, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (59,545)
Changes in assumptions	22,194	(32,916)
Total	\$ 22,194	\$ (92,461)

Amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

13. OTHER POST EMPLOYMENT BENEFITS, Continued

Fiscal Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2025	\$ (6,744)
2026	(6,744)
2027	(6,744)
2028	(6,744)
2029	(6,744)
Thereafter	(36,547)
	<u>\$ (70,267)</u>

14. COMMUNITY DEVELOPMENT BLOCK GRANTS

The City has been awarded various block grants by the State of California - Housing and Community Development. These grants fund housing rehabilitation, business development, and infrastructure improvements to City streets.

Revenues and expenditures for activities relating to the housing rehabilitation and the business development are accounted for in special revenue funds. Through this program, the City pays for housing rehabilitation, business expansion and retention, plus administrative program costs. At the completion of projects benefiting the private property owners, the City issues a note, secured by a deed of trust for the cost of the improvements.

These notes carry rates ranging from 1% to 10%. Most of the notes require repayment when the property is sold, but some require period amortized payments. As these notes are repaid, funds may be used for new improvements, program costs, and loans to private property owners.

CDBG Program Income (PI) Reuse Agreement

Effective November 18, 2014 the City entered into the Reuse Agreement which allows the City to receive repayments from CDBG and spend those PI funds in the absence of an active CDBG grant contract. The Agreement establishes policies and procedures for the administration and utilization of Program income received as a direct result of eligible activities funded under CDBG contracts with the City. The Agreement allows five ways to manage PI:

1. Expend monies on active grant contract activities
2. Expend monies on general administration activities
3. Expend monies through an approved revolving loan fund
4. Expend monies on approved waiver activity, when no active contract is in force
5. Return the monies annually to the Department (CDBG)

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

15. CONTINGENCIES

The City is a party to claims and lawsuits arising in the ordinary course of business. The City's management and legal counsel are of the opinion that the ultimate liability, if any, arising from these claims will not have material adverse impact on the financial position of the City. The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

16. COMMITMENTS

The City has contracted with the Humboldt Bay Municipal Water District (HBMWD) for water purchases. The agreement expires June 30, 2037. The City has an option to extend the agreement for an additional ten years. The agreement will be automatically extended to correspond to the term of an agreement entered into between HBMWD and the State of California. The water rate paid by the City is based on numerous factors. Rates are determined by allocating HBMWD's operating costs, maintenance, repairs and replacement to all users connected to the HBMWD system.

On November 1, 2021, the City entered into a contract with the Humboldt County Sheriff's Department whereby the County agreed to provide law enforcement services to the City. The term of the current agreement was for the period November 1, 2021 through June 30, 2024. The cost to the City under the agreement was \$122,876 annually, with the amount for future years subject to an annual recalculation. Either party may terminate this contract upon 60 days written notice.

17. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 99, "*Omnibus 2022*." The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and SBITAs will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will take effect for financial statements starting with the fiscal year that ends June 30, 2024. The implementation of this statement did not have an effect on the financial statements.

The GASB has issued Statement No. 100, "*Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*." The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024. The implementation of this statement did not have an effect on the financial statements.

City of Blue Lake, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2024

17. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 101, "*Compensated Absences*." The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025.

The GASB has issued Statement No. 102, "*Certain Risk Disclosures*." The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025.

The GASB has issued Statement No. 103, "*Financial Reporting Model Improvements*." The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2026.

18. SUBSEQUENT EVENTS

Events occurring after June 30, 2024 but before the financial statements were available to be issued must be evaluated for possible adjustment to the financial statements or disclosure. The effects of subsequent events that provide evidence about conditions that existed at June 30, 2024 are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after June 30, 2024 require disclosure in the accompanying notes. Management has evaluated the activity of the City through October 1, 2026, and concluded that no subsequent event(s) have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Blue Lake, California

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General Fund and Major Special Revenue Funds For the year ended June 30, 2024

	General Fund			
	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes and assessments	\$ 303,945	\$ 305,896	\$ 310,112	\$ 4,216
Sales and use tax	161,735	161,736	162,151	415
Transient occupancy tax	2,860	-	4,033	4,033
Licenses and permits	36,349	43,050	36,250	(6,800)
Charges for services	266,315	296,801	325,253	28,452
Franchise fees	45,335	46,390	45,301	(1,089)
Grants and donations	10,170	32,500	29,927	(2,573)
Intergovernmental revenues	1,613,322	914,104	724,811	(189,293)
Investment earnings	34,700	27,705	45,212	17,507
Use of money and property	69,155	64,650	48,915	(15,735)
Fines and penalties	4,354	165	4,340	4,175
Other revenues	570	500	1,178	678
Total revenues	2,548,810	1,893,497	1,737,483	(156,014)
EXPENDITURES:				
Current:				
General government	307,496	314,409	317,911	(3,502)
Planning	55,345	97,198	108,962	(11,764)
Building	31,272	37,086	36,787	299
Public safety	24,417	24,960	24,332	628
Animal control	9,681	11,704	11,763	(59)
Facilities	1,550	7,941	16,627	(8,686)
Street maintenance and lighting	108,306	165,675	131,784	33,891
Parks and recreation	470,475	485,913	456,908	29,005
Housing and economic development	-	400,333	-	400,333
Capital outlay	1,529,666	242,750	423,529	(180,779)
Debt service:				
Principal	-	185,000	169,643	15,357
Interest	-	1,800	7,741	(5,941)
Total expenditures	2,538,208	1,974,769	1,705,987	268,782
REVENUES OVER (UNDER) EXPENDITURES	10,602	(81,272)	31,496	112,768
Proceeds from sales of assets	-	-	-	-
Transfers in	121,037	142,770	163,239	20,469
Transfers out	-	-	-	-
Total other financing sources (uses)	121,037	142,770	163,239	20,469
Net change in fund balances	131,639	61,498	194,735	133,237
FUND BALANCES:				
Beginning of year	1,130,040	1,130,040	1,130,040	-
End of year	\$ 1,261,679	\$ 1,191,538	\$ 1,324,775	\$ 133,237

The accompanying notes are an integral part of these basic financial statements.

CDBG Special Revenue Fund				SLESF Special Revenue Fund			
Budgeted Amounts		Actual	Variance w/Final	Budgeted Amounts		Actual	Variance w/Final
Original	Final		Positive (Negative)	Original	Final		Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,943	7,307	12,827	5,520	162,763	177,430	177,430	-
20,404	20,570	23,418	2,848	-	50	569	519
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29,347	27,877	36,245	8,368	162,763	177,480	177,999	519
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	179,003	177,480	177,430	50
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
520	688	504	184	-	-	-	-
-	175,372	179,141	(3,769)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
520	176,060	179,645	(3,585)	179,003	177,480	177,430	50
28,827	(148,183)	(143,400)	4,783	(16,240)	-	569	569
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(28,827)	(41,182)	(38,976)	2,206	-	-	-	-
(28,827)	(41,182)	(38,976)	2,206	-	-	-	-
-	(189,365)	(182,376)	6,989	(16,240)	-	569	569
392,223	392,223	392,223	-	-	-	-	-
\$ 392,223	\$ 202,858	\$ 209,847	\$ 6,989	\$ (16,240)	\$ -	\$ 569	\$ 569

City of Blue Lake, California
Required Supplementary Information -
Schedule of Changes in the Net OPEB Liability
and Related Ratios
Last 10 Fiscal Years

	2024	2023
Total OPEB liability		
Service Cost	\$ 16,835	\$ 22,599
Interest on the total OPEB liability	6,012	5,438
Differences between expected and actual experience	-	-
Benefit Payments	-	(3,523)
Changes of assumptions	(2,226)	(36,636)
Experience (Gains)/Losses	-	(68,713)
Contributions - employer	-	-
Net change in total OPEB liability	20,621	(80,835)
Total OPEB liability - beginning	161,406	242,241
Total OPEB liability - ending (a)	\$ 182,027	\$ 161,406
Plan fiduciary net position		
Contributions - employer	\$ -	\$ 3,523
Contributions - employee	-	-
Actual investment income	-	-
Administrative expense	-	-
Benefit payments	-	(3,523)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -
Net OPEB liability - ending (a) - (b)	\$ 182,027	\$ 161,406
 Covered-employee payroll	 \$ 546,887	 \$ 488,856
 Net OPEB liability as a percentage of covered-employee payroll	 33.28%	 33.02%

Notes to Schedule

- 1) GASB 75 was implemented during the fiscal year ended June 30, 2018. Additional years (10 years required by GASB 75) will be added as they become available.
- 2) Covered payroll is the payroll paid to all employees who are eligible for and accruing OPEB benefits.
- 3) For each fiscal year presented, information regarding the City's OPEB plan, including the methods and assumptions used to calculate the net OPEB liability, can be found in the notes to the City's basic financial statements.

2022	2021	2020	2019	2018
\$ 21,833	\$ 13,738	\$ 12,669	\$ 12,332	\$ 12,331
4,955	6,344	5,948	5,355	5,039
-	(2,206)	-	-	-
-	-	-	-	-
1,144	22,031	6,836	-	-
-	-	-	-	-
-	-	(2,465)	(2,370)	(2,370)
27,932	39,907	22,988	15,317	15,000
214,309	174,402	151,414	136,097	121,097
\$ 242,241	\$ 214,309	\$ 174,402	\$ 151,414	\$ 136,097
\$ -	\$ -	\$ 2,465	\$ 2,370	\$ 2,370
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(2,465)	(2,370)	(2,370)
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 242,241	\$ 214,309	\$ 174,402	\$ 151,414	\$ 136,097
\$ 382,811	\$ 391,542	\$ 434,670	\$ 358,127	\$ 344,357
63.28%	54.73%	40.12%	42.28%	39.52%

City of Blue Lake, California

Required Supplementary Information - Schedule of Contributions

Last 10 Fiscal Years

Miscellaneous Plan	2024	2023	2022	2021
Contractually required contribution (actuarially determined)	\$ 133,259	\$ 129,005	\$ 137,437	\$ 124,999
Contributions in relation to the actuarially determined contributions	<u>\$ (133,259)</u>	<u>\$ (129,005)</u>	<u>(137,437)</u>	<u>(124,999)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 546,887	\$ 488,856	\$ 382,811	\$ 391,542
Contributions as a percentage of covered-employee payroll	24.37%	26.39%	35.90%	31.92%
Safety Plan	2024	2023	2022	2021
Contractually required contribution (actuarially determined)	\$ 7,671	\$ 7,872	\$ 7,426	\$ 7,053
Contributions in relation to the actuarially determined contributions	<u>\$ (7,671)</u>	<u>\$ (7,872)</u>	<u>(7,426)</u>	<u>(7,053)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

Notes to Schedule

- 1) Covered payroll is the payroll on which contributions to a pension plan are based.
- 2) Actuarially determined contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. More information on the methods and assumptions used to determine the contribution rates can be found on the CalPERS website.
- 3) During the fiscal years presented above, the City had no covered payroll for its public safety department as these services were outsourced.

2020	2019	2018	2017	2016	2015
\$ 115,836	\$ 102,595	\$ 87,054	\$ 81,163	\$ 76,737	\$ 70,877
(115,836)	(102,595)	(87,054)	(81,163)	(76,737)	(70,877)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 434,670	\$ 358,127	\$ 344,357	\$ 352,370	\$ 324,828	\$ 351,126
26.65%	28.65%	25.28%	23.03%	23.62%	20.19%
2020	2019	2018	2017	2016	2015
\$ 6,995	\$ 6,911	\$ 5,699	\$ 3,766	\$ 3,264	\$ 2,444
(6,995)	(6,911)	(5,699)	(3,766)	(3,264)	(2,444)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	N/A	N/A

City of Blue Lake, California

Required Supplementary Information - Schedule of the City's Proportionate Share of the Net Pension Liability Last 10 Fiscal Years

Miscellaneous Plan	2024	2023	2022
Plan's Proportion of the Net Pension Liability/(Asset)	0.02340%	0.02409%	0.03980%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,170,077	\$ 1,127,234	\$ 755,762
Plan's Covered-Employee Payroll	\$ 546,887	\$ 488,856	\$ 382,811
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	213.95%	230.59%	197.42%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	65.90%	65.27%	75.03%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 94,000	\$ 109,869	\$ 89,317
Safety Plan	2024	2023	2022
Plan's Proportion of the Net Pension Liability/(Asset)	0.00148%	0.00155%	0.00190%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 110,402	\$ 106,766	\$ 66,547
Plan's Covered-Employee Payroll	\$ -	\$ -	\$ -
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	N/A	N/A	N/A
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	63.97%	64.13%	77.33%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 7,811	\$ 12,732	\$ 12,128

Notes to Schedule

- 1) Covered payroll is the payroll on which contributions to a pension plan are based.
- 3) For each fiscal year presented, information regarding the City's pension plan, including the methods and assumptions used to calculate the net pension liability, can be found in the notes to the City's basic financial statements.
- 4) During the fiscal years presented above, the City had no covered payroll for its public safety department as these services were outsourced.

2021	2020	2019	2018	2017	2016	2015
0.02480%	0.02494%	0.02511%	0.02467%	0.02497%	0.02654%	0.02382%
\$ 1,045,933	\$ 998,738	\$ 946,411	\$ 972,414	\$ 867,270	\$ 728,014	\$ 588,787
\$ 391,542	\$ 434,670	\$ 358,127	\$ 344,357	\$ 352,370	\$ 324,828	\$ 351,126
267.13%	229.77%	264.27%	282.39%	246.12%	224.12%	167.69%
64.31%	67.95%	70.21%	68.75%	69.64%	74.03%	78.34%
\$ 84,214	\$ 87,758	\$ 84,974	\$ 80,955	\$ 74,075	\$ 71,796	\$ 57,581
2021	2020	2019	2018	2017	2016	2015
0.00145%	0.00148%	0.00154%	0.00149%	0.00155%	0.00156%	0.00131%
\$ 96,736	\$ 92,263	\$ 90,259	\$ 88,897	\$ 80,260	\$ 64,436	\$ 49,025
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	N/A	N/A	N/A
66.92%	68.00%	68.27%	67.91%	69.55%	75.29%	81.42%
\$ 10,129	\$ 8,599	\$ 8,194	\$ 6,491	\$ 6,334	\$ 6,678	\$ 6,082

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

Fund Type	Description
Special Revenue Funds:	
Highway Users Tax Fund	This fund accounts for the City's receipt and use of State gas tax funds for which use is restricted to street maintenance activities.
TDA Street Fund	This fund accounts for the City's receipt and use of State Transportation Development Act funds for which the use is restricted to street maintenance activities. These funds are distributed by the Humboldt County Association of Governments (HCAOG).
TDA Purchased Transportation Fund	This fund accounts for the City's receipt and use of State Transportation Development Act funds for which the use is restricted to public transit services. These funds are distributed by the Humboldt County Association of Governments (HCAOG).
AB-939 Solid Waste Reduction / Recycling Fund	This fund accounts for the City's receipt and use of State revenues derived from solid waste/recycling fees and the sale of recyclable materials. The use of these are restricted to solid waste reduction activities.
Regional Surface Transportation Program (RSTP) Fund	This fund accounts for the City's receipt and use of State Regional Surface Transportation Program funds for which the use is restricted to street maintenance activities. These funds are distributed by the Humboldt County Association of Governments (HCAOG).
Recreation Economic Analysis Fund	This fund accounts for the receipt and use of funds related to the City's Recreation Economic Analysis Project.
American Rescue Plan - COVID Relief Fund	This fund accounts for the receipt and use of Federal COVID relief funds.
State Park Per Capita Program Fund	This fund accounts for the receipt and use of State Per Capita Program
Bike and Skate Park Fund	This fund accounts for the City's receipt and use of private and government funds for which use is restricted to the construction of a bike and skate park.

City of Blue Lake, California
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds			
	Highway Users Tax Fund	TDA Street Fund	TDA Purchased Transportation Fund	AB-939 Solid Waste Reduction / Recycling Fund
ASSETS				
Cash and investments	\$ 18,971	\$ -	\$ 13,838	\$ 8,861
Receivables:				
Interest receivable	352	-	218	108
Intergovernmental receivables	8,679	14,683	-	1,928
Total assets	<u>\$ 28,002</u>	<u>\$ 14,683</u>	<u>\$ 14,056</u>	<u>\$ 10,897</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	318
Compensated absences	-	-	-	892
Due to other funds	-	14,683	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>14,683</u>	<u>-</u>	<u>1,210</u>
Fund balances:				
Restricted	28,002	-	14,056	9,687
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>28,002</u>	<u>-</u>	<u>14,056</u>	<u>9,687</u>
Total liabilities and fund balances	<u>\$ 28,002</u>	<u>\$ 14,683</u>	<u>\$ 14,056</u>	<u>\$ 10,897</u>

Special Revenue Funds					
Regional Surface Transportation Program (RSTP) Fund	Recreation Economic Analysis Fund	American Rescue Plan - COVID Relief Fund	State Park Per Capita Program Fund	Bike and Skate Park Fund	Total Special Revenue Funds
\$ -	\$ -	\$ 1,250	\$ -	\$ -	\$ 42,920
-	-	-	-	-	678
13,081	53,010	-	96,944	-	188,325
<u>\$ 13,081</u>	<u>\$ 53,010</u>	<u>\$ 1,250</u>	<u>\$ 96,944</u>	<u>\$ -</u>	<u>\$ 231,923</u>
\$ -	\$ 98	\$ 1,250	\$ -	\$ -	\$ 1,348
-	-	-	-	-	318
-	-	-	-	-	892
-	116,946	-	96,944	1,434	230,007
13,081	53,010	-	96,944	-	163,035
<u>13,081</u>	<u>170,054</u>	<u>1,250</u>	<u>193,888</u>	<u>1,434</u>	<u>395,600</u>
-	-	-	-	-	51,745
-	(117,044)	-	(96,944)	(1,434)	(215,422)
-	(117,044)	-	(96,944)	(1,434)	(163,677)
<u>\$ 13,081</u>	<u>\$ 53,010</u>	<u>\$ 1,250</u>	<u>\$ 96,944</u>	<u>\$ -</u>	<u>\$ 231,923</u>

City of Blue Lake, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2024

	Special Revenue Funds			
	Highway Users Tax Fund	TDA Street Fund	TDA Purchased Transportation Fund	AB-939 Solid Waste Reduction / Recycling Fund
REVENUES:				
Intergovernmental revenues	\$ 72,194	\$ 14,683	\$ 32,000	\$ 12,349
Investment earnings	1,469	149	218	583
Total revenues	73,663	14,832	32,218	12,932
EXPENDITURES:				
Current:				
General government	-	-	-	-
Parks and recreation	-	-	-	-
Public transit	-	-	19,584	-
Recycling	-	-	-	29,329
Capital outlay	-	-	-	-
Total expenditures	-	-	19,584	29,329
REVENUES OVER (UNDER) EXPENDITURES	73,663	14,832	12,634	(16,397)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(92,447)	(24,356)	-	-
Total other financing sources (uses)	(92,447)	(24,356)	-	-
NET CHANGE IN FUND BALANCES	(18,784)	(9,524)	12,634	(16,397)
FUND BALANCES:				
Beginning of year	46,786	9,524	1,422	26,084
End of year	\$ 28,002	\$ -	\$ 14,056	\$ 9,687

Special Revenue Funds					
Regional Surface Transportation Program (RSTP) Fund	Recreation Economic Analysis Fund	American Rescue Plan - COVID Relief Fund	State Park Per Capita Program Fund	Bike and Skate Park Fund	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ 76,119	\$ -	\$ 207,345
-	-	-	-	-	2,419
-	-	-	76,119	-	209,764
-	-	2,351	-	-	2,351
-	59,226	-	309	1,434	60,969
-	-	-	-	-	19,584
-	-	-	-	-	29,329
-	-	94,709	23,187	-	117,896
-	59,226	97,060	23,496	1,434	230,129
-	(59,226)	(97,060)	52,623	(1,434)	(20,365)
-	-	-	-	-	-
(7,460)	-	-	-	-	(124,263)
(7,460)	-	-	-	-	(124,263)
(7,460)	(59,226)	(97,060)	52,623	(1,434)	(144,628)
7,460	(57,818)	97,060	(149,567)	-	(19,049)
\$ -	\$ (117,044)	\$ -	\$ (96,944)	\$ (1,434)	\$ (163,677)

City of Blue Lake, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Highway Users Tax Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts			Variance w/Final
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental revenues	\$ 68,596	\$ 67,823	\$ 72,194	\$ 4,371
Investment earnings	1,638	600	1,469	869
Total revenues	<u>70,234</u>	<u>68,423</u>	<u>73,663</u>	<u>5,240</u>
EXPENDITURES:				
Current:				
Street maintenance	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>70,234</u>	<u>68,423</u>	<u>73,663</u>	<u>5,240</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(70,234)	(68,423)	(92,447)	(24,024)
Total other financing sources (uses)	<u>(70,234)</u>	<u>(68,423)</u>	<u>(92,447)</u>	<u>(24,024)</u>
Net change in fund balances	-	-	(18,784)	(18,784)
FUND BALANCES:				
Beginning of year	46,786	46,786	46,786	-
End of year	<u>\$ 46,786</u>	<u>\$ 46,786</u>	<u>\$ 28,002</u>	<u>\$ (18,784)</u>

City of Blue Lake, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

TDA Street Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	\$ 12,040	\$ 22,343	\$ 14,683	\$ (7,660)
Investment earnings	220	-	149	149
Total revenues	<u>12,260</u>	<u>22,343</u>	<u>14,832</u>	<u>(7,511)</u>
EXPENDITURES:				
Current:				
Street maintenance	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>12,260</u>	<u>22,343</u>	<u>14,832</u>	<u>(7,511)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(21,933)	(22,343)	(24,356)	(2,013)
Total other financing sources (uses)	<u>(21,933)</u>	<u>(22,343)</u>	<u>(24,356)</u>	<u>(2,013)</u>
Net change in fund balances	(9,673)	-	(9,524)	(9,524)
FUND BALANCES:				
Beginning of year	9,524	9,524	9,524	-
End of year	<u>\$ (149)</u>	<u>\$ 9,524</u>	<u>\$ -</u>	<u>\$ (9,524)</u>

City of Blue Lake, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

TDA Purchased Transportation Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts			Variance w/Final
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental revenues	\$ 32,000	\$ 32,375	\$ 32,000	\$ (375)
Investment earnings			218	218
Total revenues	<u>32,000</u>	<u>32,375</u>	<u>32,218</u>	<u>(157)</u>
EXPENDITURES:				
Current:				
Public transit	32,000	32,375	19,584	12,791
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>32,000</u>	<u>32,375</u>	<u>19,584</u>	<u>12,791</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>-</u>	<u>-</u>	<u>12,634</u>	<u>12,634</u>
OTHER FINANCING SOURCES (USES):				
Transfers out			-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>12,634</u>	<u>12,634</u>
FUND BALANCES:				
Beginning of year	1,422	1,422	1,422	-
End of year	<u>\$ 1,422</u>	<u>\$ 1,422</u>	<u>\$ 14,056</u>	<u>\$ 12,634</u>

City of Blue Lake, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

AB-939 Solid Waste Reduction/ Recycling Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	\$ 12,228	\$ 12,255	\$ 12,349	\$ 94
Investment earnings	699	640	583	(57)
Total revenues	<u>12,927</u>	<u>12,895</u>	<u>12,932</u>	<u>37</u>
EXPENDITURES:				
Current:				
Recycling	<u>27,973</u>	<u>39,018</u>	<u>29,329</u>	<u>9,689</u>
Total expenditures	<u>27,973</u>	<u>39,018</u>	<u>29,329</u>	<u>9,689</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(15,046)</u>	<u>(26,123)</u>	<u>(16,397)</u>	<u>9,726</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(15,046)	(26,123)	(16,397)	9,726
FUND BALANCES:				
Beginning of year	<u>26,084</u>	<u>26,084</u>	<u>26,084</u>	<u>-</u>
End of year	<u>\$ 11,038</u>	<u>\$ (39)</u>	<u>\$ 9,687</u>	<u>\$ 9,726</u>

City of Blue Lake, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Regional Surface Transportation Program Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental revenues	\$ 11,574	\$ 10,922	\$ -	\$ (10,922)
Investment earnings		50	-	(50)
Total revenues	<u>11,574</u>	<u>10,972</u>	<u>-</u>	<u>(10,972)</u>
EXPENDITURES:				
Current:				
Street maintenance	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>11,574</u>	<u>10,972</u>	<u>-</u>	<u>(10,972)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(19,033)	(10,972)	(7,460)	3,512
Total other financing sources (uses)	<u>(19,033)</u>	<u>(10,972)</u>	<u>(7,460)</u>	<u>3,512</u>
Net change in fund balances	<u>(7,459)</u>	<u>-</u>	<u>(7,460)</u>	<u>(7,460)</u>
FUND BALANCES:				
Beginning of year	7,460	7,460	7,460	-
End of year	<u>\$ 1</u>	<u>\$ 7,460</u>	<u>\$ -</u>	<u>\$ (7,460)</u>

City of Blue Lake, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Recreation Economic Analysis Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts			Variance w/Final
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental revenues	\$ -	\$ 111,392	\$ -	\$ (111,392)
Investment earnings	-	-	-	-
Total revenues	-	111,392	-	(111,392)
EXPENDITURES:				
Current:				
Parks and recreation	-	111,392	59,226	52,166
Total expenditures	-	111,392	59,226	52,166
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(59,226)	(59,226)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(59,226)	(59,226)
FUND BALANCES:				
Beginning of year	(57,818)	(57,818)	(57,818)	-
End of year	<u>\$ (57,818)</u>	<u>\$ (57,818)</u>	<u>\$ (117,044)</u>	<u>\$ (59,226)</u>

City of Blue Lake, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

American Rescue Plan - COVID Relief Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts			Variance w/Final
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
General government	-	93,837	2,351	91,486
Capital outlay	-	-	94,709	(94,709)
Total expenditures	-	93,837	97,060	(3,223)
REVENUES OVER (UNDER)				
EXPENDITURES	-	(93,837)	(97,060)	(3,223)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	(93,837)	(97,060)	(3,223)
FUND BALANCES:				
Beginning of year	97,060	97,060	97,060	-
End of year	\$ 97,060	\$ 3,223	\$ -	\$ (3,223)

City of Blue Lake, California

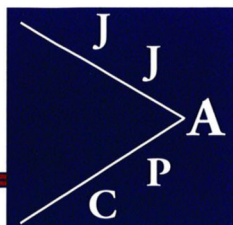
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

State Park Per Capita Program Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts			Variance w/Final
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental revenues	\$ -	\$ 177,885	\$ 76,119	\$ (101,766)
Investment earnings	-	-	-	-
Total revenues	-	177,885	76,119	(101,766)
EXPENDITURES:				
Current:				
General government	-	29,955	-	29,955
Parks and recreation	-	-	309	(309)
Capital outlay	-	-	23,187	(23,187)
Total expenditures	-	29,955	23,496	6,459
REVENUES OVER (UNDER)				
EXPENDITURES	-	147,930	52,623	(95,307)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	147,930	52,623	(95,307)
FUND BALANCES:				
Beginning of year	(149,567)	(149,567)	(149,567)	-
End of year	\$ (149,567)	\$ (1,637)	\$ (96,944)	\$ (95,307)

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JJACPA, Inc.

A Professional Accounting Services Corp.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

To the Honorable Mayor and City Council
of the City of Blue Lake
Blue Lake, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Blue Lake, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 1, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. We did identify certain deficiencies in internal control, described in the separate Schedule of Findings and Responses as item 2024-1 that we consider to be a material weakness.

To the Honorable Mayor and City Council
of the City of Blue Lake
Blue Lake, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 1, 2026

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA