

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Financial Statements**

**Year ended June 30, 2025**

**(With Independent Auditor's Report Thereon)**

# HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS

## Financial Statements

Year ended June 30, 2025

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## **Independent Auditor's Report**

To the Executive Committee  
Humboldt County Association of Governments  
Eureka, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Humboldt County Association of Governments (HCAOG), as of and for the year June 30, 2025, and the related notes to the financial statements, which collectively comprise HCAOG'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, each major fund, and the aggregate remaining fund information of HCAOG, as of June 30, 2025, and the respective changes in financial position 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 HCAOG 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.

#### ***Emphasis of Matter***

The financial statements for the year ended June 30, 2025 reflect prior period restatements as described further in Note 12 due to a change to the financial reporting entity, correction of errors, and the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. Our opinion is not modified with respect to these matters.

#### ***Responsibilities of Management for the Financial Statements***

HCAOG'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 HCAOG's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***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 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, 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 HCAOG'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 HCAOG'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, Schedules of Revenues, Expenditures and Changes in Fund Balance Budget to Actual, Schedule of Pension Contributions, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Changes in the Total OPEB Liability* 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2026 on our consideration of HCAOG'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 HCAOG's internal control over financial reporting and compliance.



Irvine, California  
February 6, 2026

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# **Management's Discussion and Analysis For Fiscal Year Ending June 30, 2025**

The purpose of this Management's Discussion and Analysis (MD&A) is to provide a narrative overview of the financial activities of the Humboldt County Association of Governments (HCAOG) for the fiscal year ended June 30, 2025. This discussion is intended to summarize HCAOG's financial statements by providing context, explanations of significant changes, and management's perspective on financial performance.

This discussion should be read in conjunction with HCAOG's audited financial statements and the accompanying notes. The annual financial report is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34 and follows Generally Accepted Accounting Principles.

## **Overview of This Annual Report**

This annual report consists of required financial statements covering HCAOG's activities from July 1, 2024, through June 30, 2025.

The following definitions may assist the reader in reviewing the report:

- *Assets* are resources a government controls at present.
- *Liabilities* are present obligations to sacrifice resources that a government has little or no discretion to avoid.
- *Net position* represents the residual of all other elements presented in the statement of financial position.
- An *outflow of resources* is a consumption of net resources applicable to the reporting period.
- An *inflow of resources* is an acquisition of net resources applicable to the reporting period.

The Basic Financial Statements section includes two primary components: government-wide financial statements and fund financial statements. The government-wide financial statements present a long-term view of HCAOG's overall financial position and activities and include the Statement of Net Position and the Statement of Activities. These statements report all assets, liabilities, deferred inflows, and deferred outflows using the accrual basis of accounting. Recent additions include pension and other postemployment benefit (OPEB) related inflows and outflows required by GASB standards.

The fund financial statements provide more detailed information about HCAOG's major funds and focus on short-term financial resources and obligations. These statements are presented on the modified accrual basis of accounting and are supported by the Notes to the Financial Statements. Together, these components provide a comprehensive picture of HCAOG's financial condition and operations.

## **Government-Wide Financial Statements**

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The Statement of Activities presents information about all revenues and expenses with an emphasis on measuring the net cost of HCAOG's programs.

For the fiscal year ending June 30, 2025, HCAOG reported a positive change in net position of \$1,040,806. Total net position at year-end was \$6,511,570. The majority of HCAOG's net position is restricted for specific transportation-related purposes, including SAFE, Local Transportation, State Transit Assistance, and RSTP programs.

HCAOG's unrestricted net position is negative, primarily due to the recognition of long-term pension and OPEB liabilities required under GASB standards. These liabilities represent long-term

obligations and do not reflect short-term liquidity or cash flow issues. HCAOG continues to meet its current obligations as they come due.

The financial statements for the year include prior period restatements related to the implementation of GASB Statement No. 101, Compensated Absences; reclassification of certain funds to better align with GASB requirements; and correction of prior-year accounting errors. These restatements improved the accuracy and consistency of financial reporting. The independent auditor's opinion was not modified as a result of these restatements.

<b>Table 1: Statement of Net Position</b>			
		<b>2024</b>	<b>2025</b>
<b>Assets</b>	Cash and investments	3,725,068	11,639,283
	Due from others	233,521	2,591,546
	Interest	-	26,200
	Prepaid items	9,377	26,501
	Capital assets, net of accumulated depreciation	11,926	597
<b>Total Assets</b>		<b>\$3,979,892</b>	<b>\$14,284,127</b>
<b>Deferred Outflows</b>		<b>\$501,400</b>	<b>\$822,154</b>
<b>Liabilities</b>	Accounts payable	753,884	3,014,278
	Accrued liabilities	55,967	9,101
	Unearned revenue	1,633,232	3,042,862
	Current compensated absences	-	20,271
	Current Total OPEB liabilities	1,948,955	92,098
	Non-current compensated absences	-	40,310
	Non-current net pension liability	-	458,952
	Total OPEB liability	-	1,612,524
	<b>Total Liabilities</b>		<b>\$4,392,038</b>
<b>Deferred Inflows</b>		<b>\$323,158</b>	<b>\$304,315</b>
<b>Net Position</b>	Invested in Capital Assets	11,926	597
	Unrestricted (deficit)	(876,160)	(876,871)
	Assigned/Restricted	1,155,742	7,387,844
<b>Total Net Position</b>		<b>\$291,508</b>	<b>\$6,511,570</b>

<b>Table 2: Changes in Governmental Net Position</b>			
		<b>2024</b>	<b>2025</b>
<b>Expenses</b>	Services and supplies	1,182,774	-
	Planning and administration	915,384	-
	General Government	-	1,698,098
	Transportation	-	1,972,724
<b>Total Expenses</b>		<b>\$2,098,158</b>	<b>\$3,670,822</b>
<b>General Revenues</b>	Local Transportation funds	500,000	464,300
	Other income	-	24,749
	Investment income	40,141	162,645
<b>Total revenue</b>		<b>\$540,141</b>	<b>\$651,694</b>
<b>Net position beginning of Period*</b>		<b>\$1,234,384</b>	<b>\$5,470,764</b>
Change in net position of Government activities		(631,065)	-
GASB 68 Current year pension liability		(244,306)	-
GASB 75 Current year Post Employment Benefits		(67,505)	-
GASB 75 Prior Period Adjustments (OPEB Liability)		-	-
<b>Net Position, End of Period</b>		<b>\$291,508</b>	<b>\$6,511,570</b>
<b>Total Change in Net Position</b>		<b>\$(942,876)</b>	<b>\$1,040,806</b>

\*See Note 12

## **Comparability Between Fiscal Years**

Comparability between fiscal years is affected by changes in audit approach and financial reporting presentation resulting from the engagement of a new independent auditor in the current year. While accounting principles applied by HCAOG remain consistent with generally accepted accounting principles, differences in auditor review practices, classification emphasis, and financial statement presentation resulted in certain reclassifications and adjustments in the current year. These changes improve alignment with GASB requirements but may limit direct comparability to the prior fiscal year. Management has disclosed these changes transparently, and the underlying financial position and operating results of HCAOG remain consistent with prior periods.

## **Fund Financial Statements**

The fund financial statements provide detailed information about HCAOG's most significant funds rather than HCAOG as a whole. These statements focus on current financial resources, revenues, expenditures, and fund balances and exclude capital assets and long-term liabilities.

For fiscal year 2024–25, HCAOG's major governmental funds include the Regional Transportation Planning Fund, SAFE Fund, Local Transportation Fund, State Transit Assistance Fund, RSTP Exchange Fund, and SGR Fund. Major funds may change from year to year based on funding levels and activity.

Unlike the government-wide statements, fund financial statements are prepared using the modified accrual basis of accounting, which recognizes revenues when they are measurable and available and expenditures when they are incurred and payable from current financial resources.

## **Analysis of HCAOG's Major Funds**

HCAOG's fund financial statements provide detailed information on its major governmental funds.

- Regional Transportation Planning (Administration) Fund: This is HCAOG's primary operating fund. It ended the year with a fund balance of \$686,972. Major revenues include Local Transportation Funds used for administration and planning, Rural Planning Assistance funds for transportation planning, and other smaller sources.
- SAFE Fund: This fund accounts for the Service Authority for Freeway Emergencies. It is primarily funded by state vehicle license fees and ended the year with a restricted fund balance of \$1,133,906. These funds are restricted for SAFE activities only.
- Local Transportation Fund (LTF): Used for revenues from a quarter-cent retail sales tax under the Transportation Development Act (TDA). The year-end restricted fund balance was \$1,810,738. This funding is reserved for jurisdictions.
- State Transit Assistance Fund (STA): Derived from statewide sales tax on diesel fuel for transit projects. The restricted fund balance was \$922,551. This funding is reserved for eligible agencies.
- RSTP Exchange Fund: Accounts for regional transportation projects. This fund saw a significant correction of error during the year, resulting in a restated beginning balance and a final ending balance of \$3,410,612. These funds are reserved for jurisdictions.

## **Budgetary Analysis**

A comparison of budgeted and actual amounts for HCAOG's major governmental funds is presented in the Required Supplementary Information section of this report. Differences between budgeted and actual revenues and expenditures primarily reflect the timing of grant awards, amendments, and reimbursements, as well as the administration of pass-through transportation programs.

Actual expenditures exceeded final budget appropriations in certain funds during fiscal year 2024–25. These variances were largely attributable to transportation grants and programs that were awarded or amended after the adoption of the final budget, including state and federal transportation funding programs such as SB 125 and other reimbursable planning and capital programs. Expenditures associated with these programs are revenue-driven and are incurred only when sufficient restricted revenues are available.

In addition, HCAOG administers several pass-through transportation programs on behalf of local agencies. Expenditures related to these programs fluctuate based on the timing of claims and reimbursements and do not impact the agency’s unrestricted fund balance. In some cases, expenditures were recorded prior to formal budget amendments due to the timing of reimbursement requests and program activity.

Management monitors expenditures throughout the fiscal year to ensure compliance with funding restrictions and availability of revenues. Budget amendments are processed when practicable; however, the timing of grant activity and reimbursements may result in temporary variances between budgeted and actual amounts. Management does not anticipate these variances to have a material adverse impact on HCAOG’s financial condition.

### **Capital Assets and Long-Term Liabilities**

HCAOG’s capital assets consist primarily of office furniture, fixtures, and equipment. Capital assets are reported in the government-wide financial statements and detailed in the Notes to the Financial Statements. HCAOG does not utilize long-term debt to finance operations.

Long-term liabilities consist primarily of pension and other postemployment benefit (OPEB) obligations recognized in accordance with GASB standards. These liabilities reflect actuarial estimates and represent long-term commitments rather than current financial demands.

### **Currently Known Facts, Decisions, or Conditions**

Financial planning for HCAOG is influenced by state and federal transportation funding programs, economic conditions, and legislative changes. Management continues to monitor funding stability, program requirements, and long-term obligations.

HCAOG remains financially stable and continues to implement sound financial management practices. Management is undertaking improvements to internal financial processes and accounting systems to strengthen financial reporting, improve efficiency, and support future audits.

### **Contacting HCAOG’s Financial Management**

This Annual Financial Report is intended to provide citizens, taxpayers, and other interested parties with a general overview of HCAOG’s finances. Questions regarding this report may be directed to the Executive Director, Humboldt County Association of Governments, 611 I Street, Suite B, Eureka, California 95501.

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## **BASIC FINANCIAL STATEMENTS**

GOVERNMENT-WIDE **FINANCIAL STATEMENTS**

# HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS

## Statement of Net Position

June 30, 2025

	<u>Governmental Activities</u>
Assets:	
Cash and investments (note 3)	\$ 11,639,283
Due from other governments	2,591,546
Interest receivable	26,200
Prepaid items	26,501
Capital assets, net of depreciation (note 6)	<u>597</u>
Total Assets	<u>14,284,127</u>
Deferred Outflows of Resources:	
Deferred outflows related to pension (note 9)	179,739
Deferred outflows related to OPEB (note 10)	<u>642,415</u>
Total Deferred Outflows of Resources	<u>822,154</u>
Liabilities:	
Accounts payable	3,014,278
Accrued liabilities	9,101
Unearned Revenue	3,042,862
Compensated absences, current (note 8)	20,271
Total OPEB liability, current (note 10)	92,098
Noncurrent Liabilities	
Compensated absences, net (note 8)	40,310
Net pension liability (note 9)	458,952
Total OPEB liability (note 10)	<u>1,612,524</u>
Total Liabilities	<u>8,290,396</u>
Deferred Inflows of Resources:	
Deferred inflows related to pension (note 9)	126,766
Deferred inflows related to OPEB (note 10)	<u>177,549</u>
Total Deferred Inflows of Resources	<u>304,315</u>
Net Position:	
Investment in capital assets	597
Restricted:	
SAFE	1,133,906
Local Transportation	1,810,738
State Transit	922,551
RSTP	3,410,612
SGR	110,037
Unrestricted	<u>(876,871)</u>
Total Net Position	<u>\$ 6,511,570</u>

See accompanying notes to the basic financial statements.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Statement of Activities**

**Year ended June 30, 2025**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Contributions and Grants</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>
				<u>Governmental Activities</u>
Governmental Activities:				
General government	\$ 1,698,098	-	387,098	(1,311,000)
Transportation	1,972,724	120,894	3,551,942	1,700,112
Pass-through to claimants	<u>16,224,950</u>	-	<u>16,224,950</u>	-
Total Governmental Activities	<u>\$ 19,895,772</u>	<u>120,894</u>	<u>20,163,990</u>	<u>389,112</u>
General Revenues:				
Local Transportation (LTF)				464,300
Investment income				162,645
Other income				<u>24,749</u>
Total General Revenues				<u>651,694</u>
Change in Net Position				1,040,806
Net position at beginning of year, as previously reported (note 12)				<u>291,508</u>
Change to financial reporting entity				3,724,869
Change in accounting principle				(13,307)
Correction of errors				<u>1,467,694</u>
Net position at beginning of year, as restated				<u>5,470,764</u>
Net Position - Ending				<u>\$ 6,511,570</u>

See accompanying notes to the basic financial statements.

FUND **FINANCIAL STATEMENTS**

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Balance Sheet - Governmental Funds**

**June 30, 2025**

		Special Revenue Funds		
	Regional Transportation Planning Fund	SAFE	Local Transportation	State Transit Assistance
<b>Assets:</b>				
Cash and investments	\$ 3,808,429	1,139,968	2,020,658	2,394,786
Due from other governments	422,239	23,016	-	384,856
Prepaid items	26,501	-	-	-
Interest receivable	-	-	10,800	13,700
Due from other funds (note 4)	6,709	-	-	-
<b>Total Assets</b>	<u>\$ 4,263,878</u>	<u>1,162,984</u>	<u>2,031,458</u>	<u>2,793,342</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 393,837	12,003	219,719	1,870,791
Accrued payroll liabilities	9,101	-	-	-
Unearned revenue	3,042,862	-	-	-
Due to other funds (note 4)	-	5,708	1,001	-
<b>Total Liabilities</b>	<u>3,445,800</u>	<u>17,711</u>	<u>220,720</u>	<u>1,870,791</u>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	131,106	11,367	-	-
<b>Total deferred inflows of resources</b>	<u>131,106</u>	<u>11,367</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Nonspendable	26,501	-	-	-
Restricted:				
SAFE	-	1,133,906	-	-
Local Transportation	-	-	1,810,738	-
State Transit	-	-	-	922,551
RSTP	-	-	-	-
SGR	-	-	-	-
Unassigned	660,471	-	-	-
<b>Total Fund Balances</b>	<u>686,972</u>	<u>1,133,906</u>	<u>1,810,738</u>	<u>922,551</u>
<b>Total Liabilities and fund balance</b>	<u>\$ 4,263,878</u>	<u>1,162,984</u>	<u>2,031,458</u>	<u>2,793,342</u>

See accompanying notes to the basic financial statements.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Balance Sheet - Governmental Funds**

**June 30, 2025**

**(Continued)**

	Special Revenue Funds		
	RSTP Exchange	SGR Non-major	Total Governmental Funds
Assets:			
Cash and investments	1,992,803	282,639	11,639,283
Due from other governments	1,693,833	67,602	2,591,546
Prepaid items	-	-	26,501
Interest receivable	-	1,700	26,200
Due from other funds (note 4)	-	-	6,709
Total Assets	3,686,636	351,941	14,290,239
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Accounts payable	276,024	241,904	3,014,278
Accrued payroll liabilities	-	-	9,101
Unearned revenue	-	-	3,042,862
Due to other funds (note 4)	-	-	6,709
Total Liabilities	276,024	241,904	6,072,950
Deferred inflows of resources:			
Unavailable revenue	-	-	142,473
Total deferred inflows of resources	-	-	142,473
Fund Balances:			
Nonspendable	-	-	26,501
Restricted:			
SAFE	-	-	1,133,906
Local Transportation	-	-	1,810,738
State Transit	-	-	922,551
RSTP	3,410,612	-	3,410,612
SGR	-	110,037	110,037
Unassigned	-	-	660,471
Total Fund Balances	3,410,612	110,037	8,074,816
Total Liabilities and fund balance	3,686,636	351,941	14,290,239

See accompanying notes to the basic financial statements.

## HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2025

Fund Balances of Governmental Funds	\$	8,074,816
Amounts reported for governmental activities in the statement of net position are different because:		
Compensated absences are not due and payable in the current financial resources in the governmental fund activity.		(60,581)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets		9,748
Accumulated depreciation		(9,151)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability		(458,952)
Total OPEB liability		(1,704,622)
Deferred inflows of resources related to unavailable revenues recorded in governmental fund financial statements resulting from activities in which revenues were earned but funds were not available were recognized as revenues in the Government-Wide Financial Statements.		142,473
Deferred outflows and inflows of resources related to pensions and OPEB have not been reported in the governmental funds.		
Deferred outflows of resources related to pensions		179,739
Deferred inflows of resources related to pensions		(126,766)
Deferred outflows of resources related to OPEB		642,415
Deferred inflows of resources related to OPEB		<u>(177,549)</u>
Net Position of Governmental Activities	\$	<u>6,511,570</u>

See accompanying notes to the basic financial statements.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds**

**Year ended June 30, 2025**

	Regional Transportation Planning Fund	Special Revenue Funds		
		SAFE	Local Transportation	State Transit Assistance
Revenues:				
Intergovernmental:				
Sales tax	\$ -	-	5,695,809	-
STA funds	-	-	-	1,587,705
SGR funds	-	-	-	-
State planning	351,183	-	-	-
State exchange funds	-	-	-	-
REAP grant	1,616,751	-	-	-
Vehicle license fees	-	120,894	-	-
TIRCP program	216,530	-	-	-
PPM program	100,000	-	-	-
Other revenue	2,134	-	-	-
Allocations:				
TDA funds	464,300	-	-	-
STAF funds	8,487,168	-	-	-
Other Income				
Investment income	4,445	32,101	67,685	46,788
Other revenue	24,749	-	-	-
Total Revenues	<u>11,267,260</u>	<u>152,995</u>	<u>5,763,494</u>	<u>1,634,493</u>
Expenditures:				
Current:				
General government	1,065,431	-	532,551	-
Transportation	1,554,022	141,750	276,952	-
Pass-through to claimants	8,710,915	-	5,125,316	1,870,791
Total Expenditures	<u>11,330,368</u>	<u>141,750</u>	<u>5,934,819</u>	<u>1,870,791</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(63,108)</u>	<u>11,245</u>	<u>(171,325)</u>	<u>(236,298)</u>
Other Financing Sources (Uses):				
Transfers in (note 5)	15,708	-	-	-
Transfers out (note 5)	-	(15,708)	-	-
Total Other Financing Sources (Uses)	<u>15,708</u>	<u>(15,708)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(47,400)</u>	<u>(4,463)</u>	<u>(171,325)</u>	<u>(236,298)</u>
Fund balance at beginning of year, as previously reported (note 12)	734,372	1,138,369	1,982,063	1,158,849
Correction of error	-	-	-	-
Fund balance at beginning of year, as restated	<u>734,372</u>	<u>1,138,369</u>	<u>1,982,063</u>	<u>1,158,849</u>
Fund balance - ending	<u>\$ 686,972</u>	<u>1,133,906</u>	<u>1,810,738</u>	<u>922,551</u>

See accompanying notes to the basic financial statements.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds**

**Year ended June 30, 2025**

**(Continued)**

	Special Revenue Funds		Total Governmental Funds
	RSTP Exchange	SGR Non-major	
Revenues:			
Intergovernmental:			
Sales tax	-	-	5,695,809
STA funds	-	-	1,587,705
SGR funds	-	270,406	270,406
State planning	-	-	351,183
State exchange funds	1,693,831	-	1,693,831
REAP grant	-	-	1,616,751
Vehicle license fees	-	-	120,894
TIRCP program	-	-	216,530
PPM program	-	-	100,000
Other revenue	-	-	2,134
Allocations:			
TDA fund	-	-	464,300
STAF fund	-	-	8,487,168
Other Income			
Investment income	6,231	5,395	162,645
Other revenue	-	-	24,749
Total Revenues	<u>1,700,062</u>	<u>275,801</u>	<u>20,794,105</u>
Expenditures:			
Current:			
General government	-	-	1,597,982
Transportation	-	-	1,972,724
Pass-through to claimants	276,024	241,904	16,224,950
Total Expenditures	<u>276,024</u>	<u>241,904</u>	<u>19,795,656</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,424,038</u>	<u>33,897</u>	<u>998,449</u>
Other Financing Sources (Uses):			
Transfers in (note 5)	-	-	15,708
Transfers out (note 5)	-	-	(15,708)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>1,424,038</u>	<u>33,897</u>	<u>998,449</u>
Fund balance at beginning of year, as previously reported (note 12)	507,817	76,140	5,597,610
Correction of error	<u>1,478,757</u>	<u>-</u>	<u>1,478,757</u>
Fund balance at beginning of year, as restated	<u>1,986,574</u>	<u>76,140</u>	<u>7,076,367</u>
Fund balance - ending	<u>3,410,612</u>	<u>110,037</u>	<u>8,074,816</u>

See accompanying notes to the basic financial statements.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities**

**Year ended June 30, 2025**

Net Change in Fund Balances - Total Governmental Funds \$ 998,449

Amounts reported for the governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives as depreciation expense.

Depreciation expense (266)

Revenues in the Statement of Activities that did not provide current financial resources are not reported as revenues in the funds. 142,473

Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences 8,693

Changes in net pension liability and related deferred inflows and outflows of resources (12,724)

Changes in total OPEB liability and related deferred inflows and outflows of resources (95,819)

Change in Net Position of Governmental Activities \$ 1,040,806

See accompanying notes to the basic financial statements.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

# HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2025

### (1) Reporting Entity

The Humboldt County Association of Governments (the Association), the regional transportation planning agency for the County of Humboldt, was created pursuant to Title 3 of Government Code Section 29535. The Association is responsible for transportation planning activities as well as administration of the Local Transportation Trust Fund and the State Transit Assistance Fund. Criteria used in determining the reporting entity was based on control or dependence determined on the basis of budget adoption, funding, and appointment of the respective governing board.

### (2) Summary of Significant Accounting Policies

The accounting policies of the Association conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies:

#### (a) Basis of Accounting and Measurement Focus

The Association's basic financial statements are prepared in conformity with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the acknowledged standards setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

#### Government-Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole. These statements include separate columns for the governmental activities of the primary government (including its blended component units). Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, administrative expenses have not been allocated as indirect expenses to the various functions of HCAOG.

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources' measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

Under the basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

# HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2025

### (2) Summary of Significant Accounting Policies (continued)

Program revenues include (a) grants and contributions that are restricted to meeting the operational needs of a particular program and (b) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues not classified as program revenues, including all unrestricted taxes, are presented as general revenues. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program.

#### Fund Financial Statements

The underlying accounting system of HCAOG is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources and fund balances, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and other governmental funds in the aggregate.

#### Governmental Funds

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. HCAOG generally considers revenues available if they are collected within 120 days after the fiscal year-end. Significant revenues subject to accrual under the measurable and available criteria include grant revenues.

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed nonexchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first.

Government-mandated and voluntary nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

# HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

Year ended June 30, 2025

### (2) Summary of Significant Accounting Policies (continued)

In the fund financial statements, governmental funds are presented using the current-financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Long-term loans to other agencies are reported as expenditures (outflows of current financial resources). Repayments of the same are reported as revenues (inflows of current financial resources). The reported fund balance is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

#### (b) Net Position

In governmental-wide financial statements, Net Position are categorized as follows:

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2025**

(2) Summary of Significant Accounting Policies (continued)

When expenses are incurred for purposes for which both restricted and unrestricted Net Position are available, HCAOG's policy is to apply restricted Net Position first, then unrestricted Net Position as they are needed.

Governmental Fund Balances

Fund balances are reported in the fund statements in the following classifications:

Non-spendable Fund Balance - this includes amounts that are not in spendable form, such as prepaid items, deposits, or long-term receivables, or are legally or contractually required to remain intact.

Restricted Fund Balance — this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the Executive Committee action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

Assigned Fund Balance — this includes amounts that are designated or expressed by the Executive Committee but does not require formal action like a resolution or ordinance. The Executive Committee may delegate the ability of an employee or committee to assign uses of specific funds, for specific purposes.

Unassigned Fund Balance — this includes the remaining spendable amounts which are not included in one of the other classifications.

It is HCAOG's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Executive Committee.

HCAOG reports the following major governmental funds:

Regional Transportation Planning (Administration) Fund - This is the operating fund of the Association. The major revenue source for this fund is local transportation funds. Expenditures are made for administration and other transportation planning projects.

HCAOG's fund structure also includes the following fund type:

Special Revenue Funds - These funds are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

SAFE Fund - This fund accounts for service authority for freeway emergencies. The major revenue source for this fund is state vehicle license fees. Expenditures are made for service authority for freeway emergencies projects and operating expenses.

Local Transportation Fund (LTF) - This fund is used to account for revenues generated under the Transportation Development Act (TDA), primarily from a quarter-cent retail sales tax. LTF revenues are allocated to local agencies for transit operations, bicycle and pedestrian projects, and other eligible transportation purposes

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2025**

(2) Summary of Significant Accounting Policies (continued)

State Transit Assistance Fund (STA) - This fund is used to account for revenues distributed under the State Transit Assistance program, derived from the statewide sales tax on diesel fuel. STA funds may be used for transit capital projects, transit operations, and other purposes eligible under the TDA

RSTP Exchange Fund - This fund is used to account for revenues and expenditures specifically generated from HCAOG's Regional Surface Transportation Program (RSTP) exchange agreement and used for eligible regional transportation projects.

(c) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value.

Changes in fair value that occur during the fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

HCAOG pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

(d) Employee Leave Benefits

Compensated absences comprise unused vacation leave, sick pay, and certain compensated time off, which are accrued and reported as a liability in the period earned. Amounts payable as of June 30, 2025 are included on the statement of net position.

(e) Capital Assets

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Generally, HCAOG capitalizes capital assets purchases in excess of \$5,000 for capital assets.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation expense is charged as an expense against operations and accumulated depreciation is reported on the Statement of Net Position. The ranges of lives used for depreciation purposes for each capital asset class are as follows:

Furniture, fixtures, and equipment	5 years
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**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2025**

(2) Summary of Significant Accounting Policies (continued)

(f) Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the HCAOG's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' 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 due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

(g) Other Post-Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCAOG's plan (OPEB Plan). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

(h) 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify under this type of reporting; deferred items related to pension obligations and OPEB obligations.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2025**

(2) Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of net 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting in this category. Both items are reported in the government-wide statement of net position, relates to deferred items related to pension obligations and OPEB obligations.

(i) Reclassification and Eliminations

Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once- in the function in which they are allocated.

(j) 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(k) Implementation of New Accounting Standards

During the year ended June 30, 2025, HCAOG adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Implementation resulted in a restatement as noted in note 12. Additionally, HCAOG changed its method of accounting for risk disclosures related to government vulnerabilities due to concentrations and constraints by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 102, *Certain Risk Disclosures*.

(3) Cash and Investments

Cash and investments of HCAOG consisted of the following at June 30, 2025:

Deposits with financial institutions	<u>\$ 6,411,915</u>
Investments:	
Certificate of Deposit	529,285
Humboldt County Pooled Investment Fund	<u>4,698,083</u>
Total investments	<u>5,227,368</u>
Total cash and investments	<u>\$ 11,639,283</u>

# HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS

## Notes to the Basic Financial Statements

**Year ended June 30, 2025**

### (3) Cash and Investments (continued)

#### Investments Authorized by the California Government Code and the HCAOG's Investment Policy

The HCAOG uses the County of Humboldt's Investment Policy. The following table identifies the investment types that are authorized for the HCAOG by the California Government Code and the HCAOG's investment policy. The table also identifies certain provisions of the California Government Code (or the HCAOG's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk.

Investment Type	Allowed Per Client Investment Policy	Maximum Maturity	Maximum % Per Portfolio	Maximum Specified Per One Issuer
U.S. Treasury and Agency Securities	Yes	5 years	100%	None
Bonds and Notes issued by local agencies	Yes	5 years	100%	None
Registered State Warrants and Municipal Notes and Bonds	Yes	5 years	100%	None
Bankers' Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	40%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	100%	None
Reverse Repurchase Agreements and Securities Lending Agreements	Yes	92 days	20%	None
Medium Term Corporate Notes	Yes	5 years	30%	5%
Supranationals – Washington dollar denominated IBRD, IFC or IAD	Yes	5 years	30%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
CAMP	Yes	N/A	None	None
Joint Powers Agreement	Yes	N/A	20%	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
Investment Trust of California (CalTRUST)	Yes	N/A	None	None
Collateralized Time Deposits	Yes	5 years	None	None

#### Disclosure Relating to Custodial Credit Risk

The Association maintains specific cash deposits with the County of Humboldt and participates in the external investment pool of the County of Humboldt. The County of Humboldt is restricted by state code in the types of investments it can make.

Furthermore, the County of Humboldt Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than state code as to terms of maturity and type of investment. Also, the County of Humboldt has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134.

The County of Humboldt investment policy authorizes the County of Humboldt to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool. At June 30, 2025, the Association's cash with the County of Humboldt Treasurer is stated at fair value.

However, the value of the pool shares in the County of Humboldt that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Association's position in the pool.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2025**

(3) Cash and Investments (continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that HCAOG manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, HCAOG's investment policy, or debt agreements, and the actual rating as of year-end for each investment type:

<u>Investment Type</u>	<u>Actual/Minimum Rating</u>	<u>Amount</u>
Certificate of Deposit	Not Rated	\$ 529,285
Humboldt County Pooled Investment Fund	Not Rated	<u>4,698,083</u>
Total		<u>\$ 5,227,368</u>

Fair Value Hierarchy

HCAOG categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All HCAOG investments are not subject to fair value rating.

(4) Interfund Receivables and Payables

Interfund receivables and payables represent short-term borrowings to manage cash flows.

<u>Due to</u>	<u>Due From</u>	<u>Amount</u>
Regional Transportation Planning Fund	SAFE Fund	\$ 5,708
Regional Transportation Planning Fund	Local Transportation Fund	<u>1,001</u>
		<u>\$ 6,709</u>

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2025**

(5) Interfund Transfers

Transfers in and out between funds for the year ending June 30, 2025 were as follows:

Transfer In	Transfer Out	Amount
Regional Transportation Planning Fund	SAFE Fund	<u>\$ 15,708</u>
	Total	<u>\$ 15,708</u>

Transfers from the SAFE fund to the Regional Transportation fund are reimbursements for staff time paid from the Regional Transportation fund bank account.

(6) Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended June 30, 2025:

	Balance at July 1, 2024*	Additions	Deletions	Balance at June 30, 2025
Capital assets, being depreciated:				
Furniture, fixtures, and Equipment	<u>\$ 9,748</u>	-	-	<u>9,748</u>
Total capital assets, being depreciated	<u>9,748</u>	-	-	<u>9,748</u>
Less accumulated depreciation:				
Furniture, fixtures, and Equipment	<u>(8,885)</u>	(266)	-	<u>(9,151)</u>
Total accumulated depreciation	<u>(8,885)</u>	(266)	-	<u>(9,151)</u>
Total capital assets, being depreciated, net	<u>\$ 863</u>	(266)	-	<u>597</u>

\* Beginning balance restated. See note 12 for details.

Governmental activities depreciation expense for capital assets for the year ended June 30, 2025, is as follows:

General Government	<u>\$266</u>
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(7) Office Lease

On June 2011, the Humboldt County Association of Governments entered into a multi-year lease agreement for their administration offices, which expired in January 2021. The current lease agreement incorporates three additional addendums, one of which was enacted in January 2021. The lease expired in January 2022. Since then, the lease has continued on a month-to-month basis. Monthly rent is currently \$2,750, and HCAOG is also be responsible for monthly CAM (common area maintenance) charges of \$582.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2025**

(8) Compensated Absences

	Balance at July 1, 2024*	Additions	Deletions	Balance at June 30, 2025	Due within One Year
Compensated absences	\$ 69,274	-	(8,693)	60,581	20,271

\* Beginning balance restated. See note 12 for details.

(9) Pension Plan

Plan Description

The Association's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) is administered by the California Public Employees' Retirement System (CalPERS). A menu of benefits provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The Association selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board action. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 F Street, Sacramento, CA 95814

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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after ten years of 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.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2025**

(9) Pension Plan (continued)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. Each employer rate plan's actuarially determined rate is based on the estimated amount necessary to pay the plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023 total pension liability. The June 30, 2025 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds <sup>(1)</sup>
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

<sup>(1)</sup> The mortality table used 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 on this table, please refer to the 2021 experience study report that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2025**

(9) Pension Plan (continued)

In determining the long-term expected rate of return, CalPERS took into account 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 next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as followed:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 <sup>1,2</sup>
Global equity - cap-weighted	30%	4.54%
Global equity non-cap weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021-22 Asset Liability Management Study.

Allocation of Net Pension Liability and Pension Expense to Individual Employers

The following table shows the HCAOG's proportionate share of the net pension liability over the measurement period.

The proportion of the net pension liability was based on a projection of the HCAOG's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The HCAOG's proportionate share of the net pension liability for the plan as of June 30, 2024 and 2025 was as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a) - (b)
Measurement Date:			
Balance at 6/30/23	\$ 2,891,128	2,418,619	472,509
Balance at 6/30/24	3,127,717	2,668,765	458,952
Net Changes During 2023-24	\$ 236,589	250,146	(13,557)

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2025**

(9) Pension Plan (continued)

The HCAOG’s proportionate share of the net pension liability for each Plan measured as of June 30, 2023 and 2024, respectively, was as follows:

Proportion - June 30, 2023	0.00945%
Proportion - June 30, 2024	<u>0.00949%</u>
Change - Increase (Decrease)	<u>0.00004%</u>

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

The following presents the HCAOG’s proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90% for each Plan, as well as what the HCAOG’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.90%) or 1% point higher (7.90%) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(5.90%)</u>	<u>(6.90%)</u>	<u>(7.90%)</u>
Net pension liability (asset)	\$ 881,007	458,952	111,538

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, actuarial gains and losses related to changes in total pension liability and fiduciary net pension are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings	5-year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2025**

(9) Pension Plan (continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, HCAOG recognized a total pension expense of \$76,880. At June 30, 2025, the HCAOG reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 64,156	-
Changes in assumptions	11,796	-
Differences between expected and actual experience	39,681	1,548
Adjustment due to difference in contributions	-	86,684
Adjustment due to difference in proportions	37,685	38,534
Net difference between projected and actual earnings on pension plan investments	26,421	-
	<u>\$ 179,739</u>	<u>126,766</u>

The \$64,156 reported as deferred outflows of resources related to contributions subsequent to the measurement date; will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (12,691)
2027	18,004
2028	(7,443)
2029	(9,053)
2030	-
	<u>\$ (11,183)</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.

(10) Other Post-Employment Benefits

Plan Description

HCAOG provides post-retirement health care benefits to all retired employees hired prior to January 1, 2021 and with at least 5 years of service. The Association's contribution percent ranges for eligible employees depending on factors such as date of hire and years of service and range from 50% to 100%.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2025**

(10) Other Post-Employment Benefits (continued)

The Association has established the Humboldt County Association of Governments Retiree Healthcare Plan (HC Plan), a single employer plan. The HC Plan has not established or accumulated any assets in a trust. A separate financial report is not prepared for the HC Plan.

Funding Policy

The HC Plan and its contribution requirements are established by agreements with the applicable employee bargaining units and may be amended by agreements between the Association and the bargaining units. The annual contribution is based on the current insurance premiums due for the participating retirees. For the fiscal year ended June 30, 2025, the Association contributed \$92,098, which covered current premium, but did not include any additional prefunding of benefits. Currently, 5 retirees are receiving benefits. There are 4 active employees eligible under current HCAOG policy for future benefits. No trust has been created for the purpose of prefunding the obligation for past services.

Annual OPEB and Total OPEB Obligation

In September 2025, the Association used an actuarial study of retiree health liabilities with a valuation date of June 30, 2024. Total OPEB liability was estimated at \$1,704,622, with a beginning of the year amount based on a valuation date of June 30, 2023, estimated at \$1,476,446.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2024	\$ 1,476,446
Changes for the year:	
Service cost	37,297
Interest	53,677
Assumption changes	(61,345)
Actual vs. expected experience	284,787
Benefit payments	<u>(86,240)</u>
Net changes	<u>228,176</u>
Balance at June 30, 2025	<u>\$ 1,704,622</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%, based on an index of 20-year General Obligation municipal bonds. The projection of cash flows used to determine the discount rate assumed that Association contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2025**

(10) Other Post-Employment Benefits (continued)

Sensitivity of Total OPEB Liability

The following presents the total OPEB liability of the HCAOG if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	<u>Changes in Discount Rate</u>		
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	(2.93%)	(3.93%)	(4.93%)
Total OPEB Liability	\$ 1,941,141	\$ 1,704,622	\$ 1,511,742

The following presents the total OPEB liability of the HCAOG 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, for measurement period ended June 30, 2024:

	<u>Changes in Healthcare Trend Rate</u>		
	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,508,478	\$ 1,704,622	\$ 1,942,781

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

For the year ended June 30, 2025, HCAOG recognized a total OPEB expense of \$187,917. At June 30, 2025, the HCAOG reported deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
	of Resources	of Resources
Contributions subsequent to the measurement date	\$ 92,098	-
Differences between expected and actual experience	539,956	5,487
Changes in assumptions	<u>10,361</u>	<u>172,062</u>
Total	<u>\$ 642,415</u>	<u>177,549</u>

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2025**

(10) Other Post-Employment Benefits (continued)

Significant Actuarial Assumptions Used for Total OPEB Liability

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date	June 30, 2024
Contribution Policy	No pre-funding
Discount Rate	3.93% at June 30, 2024 (Bond Buyer 20-Bond Index); 3.65% at June 30, 2023(Bond Buyer 20-Bond Index)
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Salary Increases	Aggregate - 2.75% annually; Merit - CalPERS 2000-2019 Experience Study
Medical Trend	Non-Medicare - 7.90% for 2025, decreasing to an ultimate rate of 3.45% in 2076; Medicare (Non-Kaiser) - 6.90% for 2025, decreasing to an ultimate rate of 3.45% in 2076; Medicare (Kaiser) - 5.65% for 2026, decreasing to an ultimate rate of 3.45% in 2076
PEMHCA Minimum Increases	3.50% annually
Cap Increases	No increases on \$325 and \$290 benefit
Healthcare Participation for Future Retirees	Actives hired before 1/1/2024 - 100%; Actives hired after 1/1/2024 - 60%; Retirees - 100% if covered, 0% if waived.

(11) Related Party Lease

The Association leases its office space from the Bear River Band of the Rohnerville Rancheria, which is a related party, as they have a non-voting advisory seat on HCAOG's Technical Advisory Committee.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2025**

(12) Restatement

HCAOG implemented GASB 101: Compensated Absences during the fiscal year. This adjustment recognized vacation and sick leave (including applicable payroll taxes and retirement contributions) that has not been used but is more likely than not to be used or settled in the future.

Additionally, HCAOG recorded a restatement to reflect the change in financial reporting entity by changing the previously reported fiduciary funds to special revenue funds because they did not meet the definition of a fiduciary fund under GASB 84. Additionally, there were two errors in the prior year financial statements to correct RSTP payables and to correct capital assets.

	RSTP Exchange Fund	Government Wide Activities
Beginning net position, as previously reported	\$ 507,817	291,508
Change to financial reporting entity	-	3,724,869
Change in accounting principle - GASB 101	-	(13,307)
Error correction - to reduce payable for claims not submitted	1,478,757	1,478,757
Error correction - capital assets and accumulated depreciation	-	<u>(11,063)</u>
Beginning fund balance, as restated	<u>\$ 1,986,574</u>	
Beginning net position, as restated		<u>5,470,764</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Regional Transportation Planning Fund**

**Year ended June 30, 2025**

	Budget Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		Actual Amounts
Revenues:				
Intergovernmental:				
State planning (RPA)	\$ 337,000	362,456	253,854	(108,602)
REAP 2.0 grant	1,731,835	2,699,407	1,517,751	(1,181,656)
TIRCP program, net	193,999	193,999	216,530	22,531
PPM program	100,000	117,373	100,000	(17,373)
Caltrans State Grant (STPG)	241,932	275,621	96,118	(179,503)
Caltrans Federal Grant (STPG)	-	479,500	2,134	(477,366)
Federal Grant (SS4A)	237,000	480,000	-	(480,000)
Federal Grant (CRP)	-	267,068	-	(267,068)
SB 125	10,323	40,000	16,932	(23,068)
REAP 1.0 Grant	200,000	446,260	99,000	(347,260)
CRRSAA	-	19,407	-	(19,407)
SAMSIP	-	-	1,211	1,211
Allocations:				
TDA fund	464,300	464,300	464,300	-
STAF fund	70,000	-	8,470,236	8,470,236
Other income				
Interest and other	-	-	29,194	29,194
Total revenues	<u>3,586,389</u>	<u>5,845,391</u>	<u>11,267,260</u>	<u>5,421,869</u>
Expenditures:				
General government	871,817	871,132	1,065,431	194,299
Transportation	1,218,577	3,003,939	1,554,022	(1,449,917)
Pass-through to claimants	<u>9,887,788</u>	<u>11,169,643</u>	<u>8,710,915</u>	<u>(2,458,728)</u>
Total expenditures	<u>11,978,182</u>	<u>15,044,714</u>	<u>11,330,368</u>	<u>(3,714,346)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,391,793)</u>	<u>(9,199,323)</u>	<u>(63,108)</u>	<u>9,136,215</u>
Other Financing Sources (Uses):				
Transfers in	<u>15,000</u>	<u>15,708</u>	<u>15,708</u>	<u>-</u>
Total other financing sources (uses)	<u>15,000</u>	<u>15,708</u>	<u>15,708</u>	<u>-</u>
Net change in fund balances	(8,376,793)	(9,183,615)	(47,400)	9,136,215
Fund balance - beginning	<u>734,372</u>	<u>734,372</u>	<u>734,372</u>	<u>-</u>
Fund balance - ending	<u>\$ (7,642,421)</u>	<u>(8,449,243)</u>	<u>686,972</u>	<u>9,136,215</u>

See accompanying notes to required supplementary information.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - SAFE Fund**

**Year ended June 30, 2025**

	Budget Amounts		Actual Amounts	Variance with Final Budget Over (Under) Actual Amounts
	Original	Final		
Revenues:				
Intergovernmental:				
Vehicle license fees	\$ 367,517	356,332	120,894	(235,438)
Other Income				
Interest and other	-	-	32,101	32,101
Total Revenues	<u>367,517</u>	<u>356,332</u>	<u>152,995</u>	<u>(203,337)</u>
Expenditures:				
Transportation	<u>367,517</u>	<u>356,332</u>	<u>141,750</u>	<u>(214,582)</u>
Total Expenditures	<u>367,517</u>	<u>356,332</u>	<u>141,750</u>	<u>(214,582)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>11,245</u>	<u>11,245</u>
Other Financing Sources (Uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(15,708)</u>	<u>(15,708)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(15,708)</u>	<u>(15,708)</u>
Net Change in Fund Balances	-	-	(4,463)	(4,463)
Fund Balance - Beginning	<u>1,138,369</u>	<u>1,138,369</u>	<u>1,138,369</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,138,369</u>	<u>1,138,369</u>	<u>1,133,906</u>	<u>(4,463)</u>

See accompanying notes to required supplementary information.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Local Transportation Fund**

**Year ended June 30, 2025**

	Budget Amounts		Actual Amounts	Variance with Final Budget Over (Under) Actual Amounts
	Original	Final		
Revenues:				
Intergovernmental:				
Sales tax	\$ 6,007,330	5,695,808	5,695,809	1
Interest and other	-	-	67,685	67,685
Total Revenues	<u>6,007,330</u>	<u>5,695,808</u>	<u>5,763,494</u>	<u>67,686</u>
Expenditures:				
General government	464,300	464,300	532,551	68,251
Transportation	-	-	276,952	276,952
Pass-through to claimants	<u>5,543,030</u>	<u>5,692,262</u>	<u>5,125,316</u>	<u>(566,946)</u>
Total Expenditures	<u>6,007,330</u>	<u>6,156,562</u>	<u>5,934,819</u>	<u>(221,743)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(460,753)</u>	<u>(171,325)</u>	<u>289,428</u>
Net Change in Fund Balances	-	(460,753)	(171,325)	289,428
Fund Balance - Beginning	<u>1,982,063</u>	<u>1,982,063</u>	<u>1,982,063</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,982,063</u>	<u>1,521,310</u>	<u>1,810,738</u>	<u>289,428</u>

See accompanying notes to required supplementary information.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - State Transit Assistance Fund**

**Year ended June 30, 2025**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Actual Amounts</u>
Revenues:				
Intergovernmental:				
STA funds	\$ 1,870,791	1,587,705	1,587,705	-
Other Income				
Interest and other	<u>-</u>	<u>-</u>	<u>46,788</u>	<u>46,788</u>
Total Revenues	<u>1,870,791</u>	<u>1,587,705</u>	<u>1,634,493</u>	<u>(46,788)</u>
Expenditures:				
Pass-through to claimants	<u>1,870,791</u>	<u>1,870,791</u>	<u>1,870,791</u>	<u>-</u>
Total Expenditures	<u>1,870,791</u>	<u>1,870,791</u>	<u>1,870,791</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(283,086)</u>	<u>(236,298)</u>	<u>46,788</u>
Net Change in Fund Balances	-	(283,086)	(236,298)	46,788
Fund Balance - Beginning	<u>1,158,849</u>	<u>1,158,849</u>	<u>1,158,849</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,158,849</u>	<u>875,763</u>	<u>922,551</u>	<u>46,788</u>

See accompanying notes to required supplementary information.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - RSTP Fund**

**Year ended June 30, 2025**

	Budget Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		Actual Amounts
Revenues:				
Intergovernmental:				
State exchange funds	\$ 1,693,831	1,693,831	1,693,831	-
Other Income				
Interest and other	-	-	6,231	6,231
Total Revenues	<u>1,693,831</u>	<u>1,693,831</u>	<u>1,700,062</u>	<u>6,231</u>
Expenditures:				
Pass-through to claimants	<u>1,693,831</u>	<u>1,693,831</u>	<u>276,024</u>	<u>(1,417,807)</u>
Total Expenditures	<u>1,693,831</u>	<u>1,693,831</u>	<u>276,024</u>	<u>(1,417,807)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>1,424,038</u>	<u>1,424,038</u>
Net Change in Fund Balances	-	-	1,424,038	1,424,038
Fund balance at beginning of year, as previously reported	<u>507,817</u>	<u>507,817</u>	<u>507,817</u>	<u>-</u>
Correction of error	<u>1,478,757</u>	<u>1,478,757</u>	<u>1,478,757</u>	<u>-</u>
Fund balance - beginning, as restated	<u>1,986,574</u>	<u>1,986,574</u>	<u>1,986,574</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,986,574</u>	<u>1,986,574</u>	<u>3,410,612</u>	<u>1,424,038</u>

See accompanying notes to required supplementary information.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Schedule of Proportionate Share of the Net Pension Liability - Miscellaneous Plan**

**Last Ten Years**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Measurement Date	06/30/24	06/30/23	06/30/22	06/30/21	06/30/20
Proportion of the net pension liability (asset)	0.01299%	0.01274%	0.01224%	0.01270%	0.01214%
Proportionate share of the net pension liability (asset)	\$ 458,952	472,509	554,290	150,817	431,211
Covered payroll	\$ 560,670	493,287	425,861	371,451	410,370
Proportionate Share of the net pension liability as a percentage of covered payroll	81.86%	95.79%	130.16%	40.60%	105.08%
Plan fiduciary net position as a percentage of the total pension liability	79.91%	77.97%	78.18%	90.49%	77.71%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Measurement Date	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
Proportion of the net pension liability (asset)	0.01179%	0.01138%	0.01126%	0.01055%	0.01011%
Proportionate share of the net pension liability (asset)	\$ 379,865	330,461	337,619	270,367	172,000
Covered payroll	\$ 397,682	381,329	370,539	346,984	321,374
Proportionate Share of the net pension liability as a percentage of covered payroll	95.52%	86.66%	91.12%	77.92%	53.52%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	73.39%	73.31%	75.87%	79.89%

Summary of Changes of Benefits or Assumptions:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amounts to be separate financed employer-specific liabilities.

Changes in Assumptions: There were no assumption changes in 2023. In 2021, demographic assumptions and the inflation rate assumption were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions. In 2021, the accounting discount rate was reduced from 7.15 percent to 6.90 percent. In 2018, demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Schedule of Pension Contributions**

**Last Ten Years**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contributions	\$ 64,156	42,879	38,404	34,579	33,973
Contributions in relation to the actuarially determined contribution	<u>(64,156)</u>	<u>(42,879)</u>	<u>(38,404)</u>	<u>(34,579)</u>	<u>(33,973)</u>
Contribution deficiency (excess)	\$ -	-	-	-	-
Covered payroll	\$ 380,343	560,670	493,287	425,861	371,451
Contributions as a percentage of covered payroll	16.87%	7.65%	7.79%	8.12%	9.15%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contributions - Miscellaneous	\$ 32,790	33,549	58,709	56,628	52,663
Contributions in relation to the actuarially determined contribution	<u>(32,790)</u>	<u>(33,549)</u>	<u>(58,709)</u>	<u>(56,628)</u>	<u>(52,663)</u>
Contribution deficiency (excess)	\$ -	-	-	-	-
Covered payroll	\$ 410,370	397,682	381,329	370,539	346,984
Contributions as a percentage of covered payroll	7.99%	8.44%	15.40%	15.28%	15.18%

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	6.80%
Projected Salary	Varies by entry age and service
Inflation	2.30%
Payroll Growth	2.80%

Changes in Assumptions: There were no assumption changes in 2023. Effective with the June 30, 2021 valuation (2022 measurement date), the CalPERS Board of Administration lowered the discount rate from 7.15 percent to 6.90. The minimum employer contributions for Fiscal Year 2021-22 determined in this valuation were calculated using a discount rate of 7.25 percent.

On December 19, 2017, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. In addition, the Board adopted a new asset portfolio as part of its Asset Liability Management. The new asset mix supports a 7.00 percent discount rate. The reduction of the inflation assumption will be implemented in two steps in conjunction with the decreases in the discount rate. For the June 30, 2017 valuation an inflation rate of 2.625 percent will be used and a rate of 2.50 percent in the following valuation.

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Schedule of Changes in the Net OPEB Liability**

**Last Ten Years\***

Measurement Date	2024	2023	2022	2021	2020
<b>TOTAL OPEB LIABILITY</b>					
Service cost	\$ 37,297	\$ 37,149	\$ 128,023	\$ 35,230	\$ 28,532
Interest	53,677	52,726	24,279	6,873	9,969
Actual vs. expected experience	284,787	-	594,100	725,899	(28,357)
Assumption changes	(61,345)	(21,048)	(209,302)	7,153	34,792
Benefit payments	(86,240)	(89,364)	(72,292)	(37,462)	(13,491)
Net Changes	228,176	(20,537)	464,808	737,693	31,445
Total OPEB Liability - Beginning	1,476,446	1,327,939	863,131	125,438	93,993
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 1,704,622</b>	<b>\$ 1,476,446</b>	<b>\$ 1,327,939</b>	<b>\$ 863,131</b>	<b>\$ 125,438</b>
HCAOG's Retiree Healthcare Plan Covered-Employee Payroll	\$ 579,687	\$ 475,264	\$ 470,381	\$ 510,800	\$ 458,240
HCAOG's Net Retiree Healthcare Plan OPEB Liability as a Percentage of Retiree Healthcare Plan Covered-Employee Payroll	294.06%	310.66%	282.31%	168.98%	27.37%

\*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Schedule of Changes in the Net OPEB Liability**

**Last Ten Years\***

Measurement Date	2019	2018	2017
<b>TOTAL OPEB LIABILITY</b>			
Service cost	\$ 28,532	\$ 26,084	\$ 26,543
Interest	9,969	9,592	8,128
Actual vs. expected experience	(28,357)	-	-
Assumption changes	34,792	11,130	(7,791)
Benefit payments	<u>(13,491)</u>	<u>(11,138)</u>	<u>-</u>
Net Changes	31,445	35,668	26,880
Total OPEB Liability - Beginning	<u>62,548</u>	<u>26,880</u>	<u>-</u>
<b>Total OPEB Liability - Ending (a)</b>	<b><u>\$ 93,993</u></b>	<b><u>\$ 62,548</u></b>	<b><u>\$ 26,880</u></b>
<b>HCAOG's Retiree Healthcare Plan</b>			
Covered-Employee Payroll	\$ 475,236	\$ 475,929	\$ 402,063
<b>HCAOG's Net Retiree Healthcare</b>			
Plan OPEB Liability as a Percentage of Retiree Healthcare Plan Covered-Employee Payroll	19.78%	13.14%	6.69%

\*Historical information is required only for measurement periods for which GASB 75 is applicable.  
Future years' information will be displayed up to 10 years as information becomes available.

**HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS**

**Notes to Required Supplementary Information**

**Year ended June 30, 2025**

**Note 1: Budgets and Budgetary Accounting**

HCAOG adopts an annual budget prepared on the modified accrual basis of accounting for its governmental funds. The Executive Director or designee is authorized to transfer budgeted amounts between the accounts of any department. Revisions that alter the total appropriations of any department or fund are approved by the Executive Committee. Prior year appropriations lapse unless they are approved for carryover into the following fiscal year. Expenditures may not legally exceed appropriations at the fund level.

**Note 2: Expenditures in Excess of Appropriations**

Actual expenditures exceeded final budget appropriations primarily due to the inclusion of pass-through general government and transportation funds that are not part of HCAOG's operating budget. These expenditures represent funds administered by HCAOG on behalf of local agencies and transit operators and are recorded in the financial statements in accordance with accounting standards, but are not budgeted as operating expenditures of the agency. In addition, the SAFE Fund includes budgeted amounts that were not fully expended during the fiscal year. SAFE revenues are restricted and may be carried forward for future eligible uses. Unspent SAFE funds at year-end remain restricted and will be used in a subsequent fiscal year in accordance with program requirements