

COUNTY OF HUMBOLDT
Transportation Development Act
Article 3, Article 4, and Article 8 Funds
Financial Statements
Fiscal Year Ended June 30, 2025

COUNTY OF HUMBOLDT

**Transportation Development Act
Article 3, Article 4, and Article 8 Funds**

Financial Statements

Fiscal Year Ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Humboldt County Association of Governments
Eureka, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 3, Article 4, and Article 8 Funds ("TDA Funds") of the County of Humboldt ("County") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's TDA Fund 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 TDA Funds as of June 30, 2025, and the respective changes in financial position, and cash flows where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

As discussed in Note 1, the financial statements present only the TDA Funds of the County and do not purport to, and do not, present fairly the financial position of the County, as of June 30, 2025, the changes in its financial position, for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Additionally, as described further in Note 7 to the financial statements, the beginning fund balances have been restated to correct errors. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

The County'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

Board of Directors
Humboldt County Association of Governments
Eureka, California

relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County'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 the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County'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.

Report on Summarized Comparative Information

The financial statements of the TDA Funds for the year ended June 30, 2024 were audited by other auditors whose report dated November 12, 2024 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis and budgetary comparison information* 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions are not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Irvine, California
March 27, 2026

**COUNTY OF HUMBOLDT
 Transportation Development Act
 Article 3 - Transportation Services Fund**

Balance Sheet

**June 30, 2025
 (with Comparative Information for the Prior Year)**

	TDA Article 3	
	2025	2024
Assets:		
Cash and investments (Note 3)	\$ -	5,201
Total assets	\$ -	5,201
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	-
Total liabilities	-	-
Fund balance:		
Restricted	-	5,201
Total fund balance	-	5,201
Total liabilities and fund balance	\$ -	5,201

See notes to financial statements

COUNTY OF HUMBOLDT
Transportation Development Act
Article 3 - Transportation Services Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Fiscal Year Ended June 30, 2025
(with Comparative Information for the Prior Year)

	TDA Article 3	
	2025	2024
Revenues:		
Allocations - TDA	\$ -	-
Total revenues	-	-
Expenditures:		
Transportation expenditures	-	-
Total expenditures	-	-
Change in fund balance	-	-
Fund balance at beginning of year	-	5,201
Restatement for correction of error (note 7)	-	(5,201)
Fund balance at end of year	\$ -	-

See notes to financial statements

**COUNTY OF HUMBOLDT
Transportation Development Act
Article 8 - Road Fund**

Balance Sheet

**June 30, 2025
(with Comparative Information for the Prior Year)**

	TDA Article 8	
	2025	2024
Assets:		
Cash and investments (Note 3)	\$ -	-
TDA funds receivable	-	-
Total assets	\$ -	-
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	-
Total liabilities	-	-
Fund balance:		
Restricted	-	-
Total fund balance	-	-
Total liabilities and fund balance	\$ -	-

See notes to financial statements

**COUNTY OF HUMBOLDT
Transportation Development Act
Article 8 - Road Fund**

Statement of Revenues, Expenditures and Changes in Fund Balance

**Fiscal Year Ended June 30, 2025
(with Comparative Information for the Prior Year)**

	TDA Article 8	
	2025	2024
Revenues:		
Allocations - TDA	\$ -	252,747
Total revenues	-	252,747
Expenditures:		
Road Maintenance	-	252,747
Total expenditures	-	252,747
Change in fund balance	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ -	-

See notes to financial statements

**COUNTY OF HUMBOLDT
Transportation Development Act
Article 4 - Transportation Services Fund**

Balance Sheet

**June 30, 2025
(with Comparative Information for the Prior Year)**

	TDA Article 4	
	2025	2024
Assets:		
Cash and investments (Note 3)	\$ 727,014	135,464
TDA funds receivable	-	246,284
Total assets	\$ 727,014	381,748
Liabilities and Fund Balance:		
Liabilities:		
Transit services payable	\$ 503,944	26,330
Total liabilities	503,944	26,330
Fund balance:		
Restricted	-	246,284
Unassigned	223,070	109,134
Total fund balance	223,070	355,418
Total liabilities and fund balance	\$ 727,014	381,748

See notes to financial statements

COUNTY OF HUMBOLDT
Transportation Development Act
Article 4 - Transportation Services Fund

Statement of Revenues, Expenditures and Changes in Net Position

Fiscal Year Ended June 30, 2025
(with Comparative Information for the Prior Year)

	TDA Article 4	
	2025	2024
Revenues:		
Allocations - TDA Section 99260	\$ 2,724,311	2,563,856
Allocations - TDA Section 99234	32,500	65,000
Other income	10,584	16,237
Total revenues	2,767,395	2,645,093
Expenditures:		
New Service Southern Humboldt	626,803	626,803
Adult Day Health Care	44,343	43,688
Humboldt Senior Resource Center	51,372	50,613
Dial-A-Ride/Lift	178,765	73,971
Humboldt Transit Authority		
Redwood transit system	890,932	891,729
Transit set-aside	200,000	200,000
Eureka Transit Service	265,000	260,838
Willow creek extension	303,944	303,944
Yurok Tribe	-	26,330
Professional services	59,800	-
County parks administration, maintenance and capital outlay	32,500	65,000
Total expenditures	2,653,459	2,542,916
Change in fund balance	113,936	102,177
Fund balance at beginning of year	109,134	248,851
Restatement for correction of error (note 7)	-	4,390
Restatement for correction of error (note 7)	-	(246,284)
Fund balance at beginning of year, restated	109,134	6,957
Fund balance at end of year	\$ 223,070	109,134

See notes to financial statements

COUNTY OF HUMBOLDT

Transportation Development Act Article 3, Article 4, and Article 8 Funds

Notes to Financial Statements

Fiscal Year Ended June 30, 2025

(1) General Information

The financial statements of the Transportation Development Act Article 3, Article 4, and Article 8 Funds Activity are intended to present the financial position and changes in financial position of only those transactions attributable to the TDA Funds administered and disbursed by the County of Humboldt and do not purport to, and do not, present fairly the financial position of the County, the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

Pursuant to §99234 of the California Public Utilities Code, Article 4 monies may be used only for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (which are closed to motorized traffic) and bicycle safety education programs. Facilities that provide for the use of bicycles may include projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots, and transit terminals where other funds are unavailable. Funding for this program was authorized by the Humboldt County Association of Governments (HCAOG).

Pursuant to §99260 of the California Public Utilities Code, Article 4 monies may be used for the support of public transportation systems, aid to public transportation research and demonstration projects, and contributions for the construction of grade separation projects. Funding for this program was authorized by the Humboldt County Association of Governments (HCAOG).

Pursuant to §99400 of the California Public Utilities Code, Article 8 monies may be used for local streets and roads, pedestrian and bicycle projects, passenger rail services, capital improvements, contracted public support transportation services, and other transit-related purposes as determined by the Humboldt County Association of Governments (HCAOG). Eligible uses include street maintenance, payments to transit operators under contract, administrative and planning costs, and certain vehicle or equipment acquisitions. Funding for this program was authorized by the Humboldt County Association of Governments (HCAOG).

(2) Summary of Significant Accounting Policies

Fund Accounting

The accounts of the County are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The TDA Article 3 – Transportation Services Fund, TDA 4 – Transportation Services Fund, and Article 8 – Road Fund are accounted for as Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are usually required by law or administrative regulation to be accounted for in separate funds.

COUNTY OF HUMBOLDT

Transportation Development Act Article 3, Article 4, and Article 8 Funds

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants and contributions, is based on the primary characteristic from which the revenues are received by the County. For the County, TDA funds received under TDA Article 3, 4, and 8 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 3, 4, and 8 are recognized in the period when all eligibility requirements have been met.

Deferred Outflows and Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until that time. TDA Articles 3, 4, and 8 do not have any qualifying items.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. TDA Articles 3, 4 and 8 do not have any qualifying items.

Fund Balance

The components of the fund balances of governmental and enterprise funds reflect the classifications described below.

- *Restricted Fund Balance* – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Unassigned Fund Balance* – includes the remaining spendable amounts which are not included in one of the other classifications, plus any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

COUNTY OF HUMBOLDT

Transportation Development Act Article 3, Article 4, and Article 8 Funds

Notes to Financial Statements

(Continued)

(2) **Summary of Significant Accounting Policies (Continued)**

It is the County'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 County's Board.

Use of Estimates

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then use unassigned resources as needed. County Council Policy establishes the order of use of unassigned fund balance. Committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the County's prior year TDA Fund financial statements from which this selected data was derived.

(3) **Cash and Investments**

The County has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The TDA Article 4 Fund's cash and investments as of June 30, 2025 was \$727,014.

The TDA Fund's cash is deposited in the County's internal investment pool, which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the TDA Program are those of the County and are included in the County's basic financial statements.

See the County's basic financial statements for disclosures related to cash and investments including those disclosures relating to interest rate risk, credit rate risk, custodial credit risk and concentration risk.

(4) **Contingencies**

Disclosures related to contingencies including those related to various legal actions, administrative proceedings, or claims in the ordinary course of operations, can be found in the audited financial statements of the County.

COUNTY OF HUMBOLDT

**Transportation Development Act
Article 3, Article 4, and Article 8 Funds**

Notes to Financial Statements

(Continued)

(5) Transit Claims – Eureka Transit System

The County’s 2024-2025 and 2023-2024 claims for TDA funds included claims for \$265,000 and \$260,838 respectively, for the County’s share of the cost of operating the Eureka Transit System and the Eureka Dial- A-Ride service. The subsidy, paid to the Humboldt Transit Authority, represents 13% for each fiscal year, of the estimated cost of operating the services plus or minus 13% of certain prior year differences between estimated and actual operating costs. For fiscal years ended June 30, 2025 and June 30, 2024, the claims were computed as follows:

	<u>2025</u>	<u>2024</u>
Estimated costs eligible for subsidy	\$ 1,198,501	2,006,446
Percent of County Subsidy	13%	13%
 County share of ETS and Dial-A-Ride	 265,000	 260,838
 Adjustments:		
Estimated to actual amounts (pending)	<u>-</u>	<u>-</u>
Amount claimed	<u>\$ 265,000</u>	<u>260,838</u>

It has been some time since the required annual reconciliations and adjustments have occurred. The difference between the estimated and actual operating costs for the years ended June 30, 2015, through June 30, 2025 will need to be adjusted as part of the County of Humboldt’s annual TDA claim for a future fiscal year.

(6) Fare Box Recovery Ratio

The County of Humboldt claims their TDA transit funds under Article 4, Section 99260, even though they are not considered and operator under Section 99210 of the TDA code. The County contributes TDA transit funds for the ongoing operations of several different transit systems, including Humboldt Transit Authority, Redwood Transit System, and the Eureka Transit System. In all cases, however, the required Farebox Recovery Ratios are computed by the operators. The County receives no information on fares, nor would it be proper or necessary to calculate such ratios, as the requirements for TDA code 6667 apply only to operators.

(7) Restatement of Beginning Fund Balance

Fund balance at June 30, 2024 was restated to correct errors in the prior year financial statements as follows:

Article 3 fund balance at June 30, 2024	\$5,201
To reflect expenses incurred in fiscal year ended June 30, 2016	<u>(5,201)</u>
 Article 3 fund balance at June 30, 2024, as restated	 <u>\$ -</u>

COUNTY OF HUMBOLDT

**Transportation Development Act
Article 3, Article 4, and Article 8 Funds**

Notes to Financial Statements

(Continued)

(7) Restatement of Beginning Fund Balance (Continued)

Article 4 fund balance at June 30, 2024	\$248,851
To correct error in prior year financial statements	4,390
To eliminate receivable for transportation services unmet needs due to funding limitations on Old Arcata Road route in prior years	<u>(246,284)</u>
Article 4 fund balance at June 30, 2024, as restated	<u>\$ 6,957</u>

(8) Budgetary Data

The County adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF HUMBOLDT

**Transportation Development Act
Article 3 - Transportation Services Fund**

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

Fiscal Year Ended June 30, 2025

	Budget		Actual	Variance From
	Original	Final		Final Budget Favorable (Unfavorable)
Revenues:				
Allocations - TDA	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Transportation expenditures	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	-	-	-	-
Fund balance at beginning of year	-	5,201	5,201	-
Fund balance at end of year	\$ -	5,201	5,201	-

COUNTY OF HUMBOLDT

**Transportation Development Act
Article 8 - Road Fund**

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

Fiscal Year Ended June 30, 2025

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Allocations - TDA	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Road Maintenance	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	-	-	-

COUNTY OF HUMBOLDT

**Transportation Development Act
Article 4 - Transportation Services Fund**

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

Fiscal Year Ended June 30, 2025

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Allocations - TDA Section 99260	\$ 2,724,311	2,724,311	2,724,311	-
Allocations - TDA Section 99234	32,500	32,500	32,500	-
Other income	-	-	10,584	10,584
Total revenues	<u>2,756,811</u>	<u>2,756,811</u>	<u>2,767,395</u>	<u>10,584</u>
Expenditures:				
New Service Southern Humboldt	626,803	626,803	626,803	-
Adult Day Health Care	44,343	44,343	44,343	-
Humboldt Senior Resource Center	51,372	51,372	51,372	-
Dial-A-Ride/Lift	178,765	178,765	178,765	-
Humboldt Transit Authority		-		-
Redwood transit system	980,932	980,932	890,932	90,000
Transit set-aside	200,000	200,000	200,000	-
Eureka Transit Service	265,000	265,000	265,000	-
Willow creek extension	303,944	303,944	303,944	-
Yurok Tribe	13,352	13,352	-	13,352
Professional services	59,800	59,800	59,800	-
County parks administration, maintenance, and capital outlay	32,500	32,500	32,500	-
Total expenditures	<u>2,724,311</u>	<u>2,724,311</u>	<u>2,653,459</u>	<u>70,852</u>
Change in fund balance	32,500	32,500	113,936	81,436
Fund balance at beginning of year, restated	<u>109,134</u>	<u>109,134</u>	<u>109,134</u>	<u>-</u>
Fund balance at end of year	<u>\$ 141,634</u>	<u>141,634</u>	<u>223,070</u>	<u>81,436</u>

COUNTY OF HUMBOLDT

Notes to Required Supplementary Information

Fiscal Year Ended June 30, 2025

Note 1: Budgets and Budgetary Accounting

County of Humboldt adopts an annual budget prepared on the modified accrual basis of accounting for its governmental funds. The Auditor-Controller 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 Board of Supervisors. 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.

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Humboldt County Association of Governments
Eureka, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Transportation Development Act (TDA) Article 3, Article 4, and Article 8 Funds (TDA Funds) of the County of Humboldt (County), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's TDA Fund financial statements, and have issued our report thereon dated March 27, 2026.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified

Board of Directors
Humboldt County Association of Governments
Eureka, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Funds of the County are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6666 of Part 21 of the California Code of Regulations.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Davis Lane" followed by a stylized flourish.

Irvine, California
March 27, 2026