



HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS
Regional Transportation Planning Agency
Humboldt County Local Transportation Authority
Service Authority for Freeway Emergencies
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AGENDA ITEM 3b
HCAOG Board Meeting
August 17, 2023

DATE: August 9, 2023
TO: HCAOG Policy Advisory Committee (PAC)
FROM: Beth Burks, Executive Director
SUBJECT: **Fiscal Year 2021-22 Transportation Development Act Fiscal and Compliance Audits**

STAFF REPORT

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Staff's Recommended Action:

The PAC recommends the HCAOG Board receive and file the Fiscal Year 2021-22 Transportation Development Act Fiscal and Compliance Audits.

Staff Summary:

In accordance with the Transportation Development Act (TDA), HCAOG is required to submit reports of fiscal and compliance audits to the California State Controller within 180 days following the close of each fiscal year (December 31).

HCAOG contracted with Anderson, Lucas, Somerville and Borges (ALSB), LLP, to complete the TDA fiscal and compliance audits for HCAOG, its member agencies, and the Humboldt

Transit Authority. A time extension was requested and approved by the State Controller's Office allowing until March 31, 2023 to complete and submit all audits. All but the HTA and City of Arcata audits have been sent to the State Controller. The remaining audits will be sent following this meeting.

The audits were performed in accordance with Generally Accepted Auditing Standards by a certified public accountant and include a determination of compliance with TDA rules and regulations. The HCAOG *Communication with those Charged with Governance and Management Letter* includes prior and current year recommendations.

Overall, HCAOG's net position (difference between total assets and total liabilities) has been reduced from Fiscal Year Ending June 2021 to 2022. This is primarily due to a change in GASB 75 Other Post Employment Benefits (OPEB) Liabilities. OPEB liabilities are non-pension retirement benefits, primarily HCAOG's contribution to health care premiums for retirees. This benefit was previously calculated at approximately \$134 per month per retiree, but based on a prior HCAOG resolution, the amount is a share of cost rather than fixed rate and is currently between approximately \$1,400 and \$1,900 per employee. There are a total of 7 retirees/current employees that are eligible to receive this benefit. No employees hired after January 1, 2021 are eligible. This is the first audit year that accounts for the correction, and it increased the liability.

Although HCAOG's net position has decreased HCAOG continues to be financially healthy. Our unassigned fund balance, which is essentially HCAOG's savings account, is \$580,116 (see page 11 of the HCAOG/RTPA Audit). The unassigned fund balance has accumulated over the years through interest earnings and years where the budget is not fully expended. HCAOG's unassigned fund balance slightly increased over the prior year from \$543,619 to \$580,116. Having a healthy unassigned fund balance aids in cashflow and payment timing issues. It is especially helpful because some of our major funding sources work on a reimbursement basis.

There are no major new audit findings to address this year and no agency has received more TDA funds than they were eligible for. HCAOG staff will work with City of Arcata to resolve 6/30/20 and 6/30/21 excess TDA fund amounts in future claims, and to resolve the funds spent on Greyhound services. We will also continue to promote timely audit submittals.