

**HUMBOLDT TRANSIT AUTHORITY**  
**FINANCIAL STATEMENTS**  
**AND**  
**SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2023**

# HUMBOLDT TRANSIT AUTHORITY

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June 30, 2023 and 2022

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Humboldt Transit Authority  
133 V Street  
Eureka, CA 95501

### Report on Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the business-type activities of Humboldt Transit Authority as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Humboldt Transit Authority as of June 30, 2023 and 2022 and the respective changes in financial position and, where applicable cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audits in accordance with 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Humboldt Transit Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Humboldt Transit Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibility 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 generally accepted auditing standards, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Humboldt Transit Authority'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 Humboldt Transit Authority'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 information be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other information required by GASB 68 and GASB 75 is presented to supplement the basic financial statements. The schedule of contributions and schedule of proportionate share of CalPERS, and the schedule of changes in net OPEB liability (Exhibits I through K), are required supplementary information and is presented for the purposes of additional analysis and is not a required part of the basic financial statements. 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Humboldt Transit Authority's basic financial statements. The information included in combining schedules in Exhibits E through H, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting information and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024, on our consideration of Humboldt Transit Authority's internal control over financial reporting and on our test 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 Humboldt Transit Authority's 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 Humboldt Transit Authority's internal control over financial reporting and compliance.

**Other Information**

Our audit was also made for the purpose of determining compliance with the Transportation Development Act Sections 99260, the California Administrative Code and the rules and regulations of the Humboldt Transit Authority. In our audit we performed, to the extent applicable, the tasks contained in Sections 6667 of the California Administrative Code.

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

*Anderson, Lucas, Somerville, & Borges*

March 27, 2024  
Fortuna, California

**BASIC FINANCIAL STATEMENTS**

HUMBOLDT TRANSIT AUTHORITY  
 Statements of Net Position  
 June 30, 2023 and 2022

EXHIBIT A

<u>ASSETS</u>		
	<u>2023</u>	<u>2022</u>
<u>Current Assets</u>		
<u>Cash and Cash Equivalents</u>		
On Hand and In Deposit Accounts	\$ 5,977,651	\$ 1,070,892
Restricted Cash	426,926	1,372,167
<u>Total Cash and Cash Equivalents</u>	<u>6,404,577</u>	<u>2,443,059</u>
Accounts Receivable	209,839	530,134
Grants Receivable	1,398,028	2,273,786
Reimbursable STA	10,686	-
Materials and Supplies Inventory (at cost)	383,110	370,934
Pass through Account	1,143	-
Prepaid Expenses	51,114	3,807
<u>Total Current Assets</u>	<u>8,458,497</u>	<u>5,621,720</u>
<u>Long-term Assets</u>		
Property, Plant and Equipment, Net	7,750,071	9,209,207
Work in Progress	15,449	-
<u>Total Long-term Assets</u>	<u>7,765,520</u>	<u>9,209,207</u>
<u>Deferred Outflows of Resources- Pension</u>		
	1,546,242	668,333
<u>Deferred Outflows of Resources- OPEB</u>		
	870,209	1,089,171
<u>Total Deferred Outflows of Resources</u>	<u>2,416,451</u>	<u>1,757,504</u>
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 18,640,468</u>	<u>\$ 16,588,431</u>
<u>LIABILITIES AND NET POSITION</u>		
<u>Current Liabilities</u>		
Trade Payables	\$ 283,438	\$ 157,320
Insurance Payable	61,229	45,438
Deferred Income	-	540,485
DAR Liability	79,977	83,069
Prepaid Advertising Revenue	37,242	-
Unearned Fares	387,388	366,211
Accrued Payroll Liabilities	320,149	389,772
<u>Total Current Liabilities</u>	<u>1,169,423</u>	<u>1,582,295</u>
<u>Long-term Liabilities</u>		
Net Pension Liability	3,041,585	1,191,262
Net OPEB Obligation	5,794,859	5,544,895
<u>Total Long-term Liabilities</u>	<u>8,836,444</u>	<u>6,736,177</u>
<u>Total Liabilities</u>	<u>10,005,667</u>	<u>8,318,472</u>
<u>Deferred Inflows of Resources- Pension</u>		
	176,431	1,071,169
<u>Deferred Inflows of Resources - OPEB</u>		
	2,725,845	3,189,031
<u>Total Deferred Inflows of Resources</u>	<u>2,902,276</u>	<u>4,240,200</u>
<u>Net Position</u>	<u>7,765,520</u>	<u>9,209,207</u>
<u>Invested In Capital Assets, Net of Related Debt</u>		
	7,765,520	9,209,207
<u>Restricted Net Position</u>		
Insurance Deductible Reserve	100,000	100,000
Equipment Acquisition	-	1,042,347
Retiree's Health Insurance	15,000	15,000
<u>Total Restricted Net Position</u>	<u>115,000</u>	<u>1,157,347</u>
<u>Unrestricted Net Position</u>		
	(2,147,994)	(6,336,795)
<u>Total Net Position</u>	<u>5,732,525</u>	<u>4,029,759</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	<u>\$ 18,640,468</u>	<u>\$ 16,588,431</u>

The accompanying notes and independent auditors' report are an integral part of these financial statements.



**HUMBOLDT TRANSIT AUTHORITY**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
For the Year Ended June 30, 2023  
With Comparative Amounts for the Year Ended June 30, 2022

	Budget	2023 Actual	Variance Favorable (Unfavorable)	2022 Actual
<b>OPERATING REVENUES</b>				
Fares	\$ 965,500	\$ 949,313	(16,187)	\$ 932,068
Contract Revenue	196,369	254,868	58,499	981,331
Other Revenue	-	16,771	16,771	7,269
<b>Total Operating Revenues</b>	<b>1,161,869</b>	<b>1,220,952</b>	<b>59,083</b>	<b>1,920,668</b>
<b>OPERATING EXPENSES</b>				
Labor and Benefits	5,165,026	5,169,414	(4,388)	4,665,592
Professional Services	135,000	237,579	(102,579)	159,965
Purchased Transportation	964,917	966,543	(1,626)	924,727
Repairs, Supplies, and Maintenance	1,211,698	1,077,727	133,971	966,273
Casualty and Liability Insurance	385,200	353,098	32,102	359,820
Facility and Utilities	394,142	703,136	(308,994)	497,394
Leases and Rentals	11,998	9,460	2,538	11,705
Miscellaneous	95,450	90,457	4,993	85,510
Advertising	25,000	46,527	(21,527)	42,366
Travel and Transportation	11,000	9,088	1,912	5,024
Uncertainty Reserve	100,000	-	100,000	-
Depreciation	-	1,284,281	(1,284,281)	1,367,109
<b>Total Operating Expenses</b>	<b>8,489,431</b>	<b>9,947,310</b>	<b>(1,447,879)</b>	<b>9,085,485</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(7,337,562)</b>	<b>(8,726,358)</b>	<b>(1,388,796)</b>	<b>(7,164,817)</b>
<b>NONOPERATING REVENUES</b>				
Advertising	51,000	79,239	28,239	60,768
Rents and Leases	-	38,554	38,554	117,028
Operating Grants				
TDA Assessments	3,565,864	3,019,911	(545,953)	2,515,325
Federal - FTA	895,422	895,422	-	651,187
Federal - Cares Act/CRRSAA/ARPA	1,216,235	2,326,772	1,110,537	1,433,860
State Operating - STAF	1,045,522	973,802	(71,720)	906,534
State Operating - SGR	203,147	170,607	(32,540)	161,381
State Operating - LCTOP	360,372	511,574	151,202	428,925
State: TIRCP Grant	-	102,210	102,210	-
Interest Income	-	112,042	112,042	741
Contract Revenue Other	-	726,978	726,978	-
Gain on Disposal of Capital Assets	-	1,108,732	1,108,732	10,400
Grant Expenses	-	(4,495)	(4,495)	(258,592)
<b>Total Nonoperating Revenues</b>	<b>7,337,562</b>	<b>10,061,348</b>	<b>2,723,786</b>	<b>6,027,557</b>
<b>CHANGE IN NET POSITION BEFORE CAPITAL GRANTS</b>	<b>-</b>	<b>1,334,990</b>	<b>1,334,990</b>	<b>(1,137,260)</b>
<b>CAPITAL GRANTS</b>				
Federal Transportation (5311)	-	40,425	40,425	499,469
State - LCTOP	-	22,861	22,861	(224)
State - STAF	-	71,720	71,720	321,811
State - SGR	-	32,540	32,540	50,000
County	-	34,096	34,096	350,294
Unearned Income Adjustment	-	166,134	166,134	-
<b>Total Capital Grants</b>	<b>-</b>	<b>367,776</b>	<b>201,642</b>	<b>1,221,350</b>
Grant Expenditures	-	-	-	-
<b>Net Capital Grants</b>	<b>-</b>	<b>367,776</b>	<b>201,642</b>	<b>1,221,350</b>
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>1,702,766</b>	<b>1,536,632</b>	<b>84,090</b>
<b>NET POSITION, BEGINNING OF YEAR</b>		<b>\$ 4,029,759</b>		<b>\$ 3,945,669</b>
<b>NET POSITION, END OF YEAR</b>		<b>\$ 5,732,525</b>		<b>\$ 4,029,759</b>

The accompanying notes and independent auditors' report are an integral part of these financial statements.

**HUMBOLDT TRANSIT AUTHORITY**  
**Statements of Cash Flows**  
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Cash Received from Customers	\$ 2,424,404	\$ 2,235,201
Cash Paid for Goods and Services	(3,812,379)	(3,647,564)
Cash Paid for Employees	<u>(5,239,038)</u>	<u>(4,660,184)</u>
Net Cash (Used) by Operating Activities	(6,627,013)	(6,072,547)
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u></b>		
Operating Grant Revenue	<u>8,840,574</u>	<u>6,016,416</u>
Net Cash Provided by Non-Capital Financing Activities	8,840,574	6,016,416
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>		
Capital Grant Revenue	367,776	1,221,350
Proceeds from sale of assets	1,400,000	10,400
Acquisition of Property, Plant, and Equipment	<u>(131,862)</u>	<u>(882,875)</u>
Net Cash Provided by Capital and Related Financing Activities	1,635,914	348,875
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Interest on Investments	<u>112,042</u>	<u>741</u>
Net Cash Provided by Investing Activities	<u>112,042</u>	<u>741</u>
<b><u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u></b>	3,961,517	293,485
<b><u>CASH AND CASH EQUIVALENTS - Beginning of Year</u></b>	<u>2,443,059</u>	<u>2,149,574</u>
<b><u>CASH AND CASH EQUIVALENTS - End of Year</u></b>	<u><u>\$ 6,404,576</u></u>	<u><u>\$ 2,443,059</u></u>

**HUMBOLDT TRANSIT AUTHORITY**  
**Statements of Cash Flows**  
For the Years Ended June 30, 2023 and 2022

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH  
(USED) BY OPERATING ACTIVITIES**

	<u>2023</u>	<u>2022</u>
Operating Income (Loss)	\$ (8,726,358)	\$ (7,164,817)
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used) by Operating Activities:		
Depreciation	1,284,281	1,367,109
Nonoperating Revenue (Included in Operating Expense)	103,196	(119,891)
Changes in Assets and Liabilities		
(Increase) Decrease in Assets		
Receivables	1,185,367	274,918
Materials and Supplies Inventory	(12,176)	(88,898)
Prepaid Expenses	(48,450)	15,351
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	141,909	(12,201)
DAR Liability	(3,092)	(36,990)
Deferred Income	(503,243)	(389,141)
Unearned Fares	21,177	76,605
Accrued Payroll Liabilities	(69,624)	5,408
<b>Net Cash (Used) By Operating Activities</b>	<b><u>\$ (6,627,013)</u></b>	<b><u>\$ (6,072,547)</u></b>

**NOTES TO FINANCIAL STATEMENTS**

**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

Humboldt Transit Authority (HTA) is a public agency created on January 28, 1975 by a joint exercise of powers agreement between Humboldt County and the cities of Arcata, Eureka, and Fortuna, later amended to include Rio Dell and Trinidad. The local transportation revenues are claimed by the parties to the agreement and, when approved by the Humboldt Transit Authority, are paid out of the County of Humboldt's Local Transportation Trust Fund to the parties. The City of Eureka contracts with HTA to administer and operate the Eureka Transit System and administer the Eureka Dial-a-Ride paratransit service. HTA also contracts with Humboldt County to provide service from Arcata to Willow Creek, and to the Southern Humboldt area. The City of Arcata contracts with HTA to administer its Dial-a-Ride paratransit service.

The parties to the agreement provided Local Transportation Funds to the Authority in the following ratio during the year ended June 30, 2023:

	<u>RTS</u>	<u>Willow Creek</u>	<u>So Humboldt InterCity</u>	<u>Eureka Transit</u>
Arcata	14.4%			
Eureka	22.6%			
Fortuna	9.9%			
Rio Dell	2.8%			
Trinidad	0.3%			
Humboldt Co.	<u>50.0%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
	<u>100.0%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

The following is a schedule of Joint Powers Authority members' assessments:

	<u>RTS</u>	<u>Willow Creek</u>	<u>So Humboldt InterCity</u>	<u>Eureka Transit</u>
Arcata	\$ 243,783			
Eureka	384,026			
Fortuna	168,659			
Rio Dell	47,557			
Trinidad	5,265			
Humboldt Co.	<u>849,240</u>	<u>260,469</u>	<u>608,547</u>	<u>171,486</u>
	<u>\$ 1,698,530</u>	<u>\$ 260,469</u>	<u>\$ 608,547</u>	<u>\$ 171,486</u>

**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Accounting**

The Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governmental entities are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Authority has elected to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds.

The Authority uses the accrual method of accounting. Under this method of accounting, revenues are recognized when they are earned and measurable and expenses are recognized when the related liabilities are incurred.

In June 1999, the Government Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statements include the following:

1. Financial statements prepared using full accrual accounting for all the Authority's activities.
2. A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

**1. Proprietary Funds**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector, namely the accrual method of accounting. Under this method, revenues are recognized when earned and measurable and expenses are recognized when the related liabilities are incurred.

**Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or c) established fees and charges based on a pricing policy designed to recover similar costs.

**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
 June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Accounting (continued)**

The Authority provides the following services which are accounted for in separate funds:

Transportation Services:

- Redwood Transit System
- Eureka Transit Service
- Willow Creek Intercity
- Southern Humboldt
- Samoa - Pilot program (Discontinued in 2023)

Maintenance and Administrative Services:

- CTSA Administration of Dial a Ride
- AMRTS Maintenance and drivers

**C. Description of Services**

The Authority began operations of the Redwood Transit System in August of 1976. As of June 30, 2022, the Authority operated five systems, which cover the corridor between the cities of Trinidad to the North and Benbow to the South, and Willow Creek to the East. Redwood Transit System fares range from \$2.75 for senior citizens and people with disabilities to \$3.00 for a basic fare. A pilot program for Samoa was initiated in 2022 has been discontinued in 2023.

Effective July 1, 2016, HCAOG designated HTA as the Consolidated Transportation Services Agency (CTSA) for Humboldt County, with responsibility for administering a consolidated region-wide program to provide transportation for qualified elderly and disabled persons in the Cities of Arcata and Eureka and unmandated areas in the County. HTA has entered into a contract with CAE Transport, Inc. to provide Dial-A-Ride services totaling \$830,628. The funding for the CTSA Administration is \$129,365 provided by Humboldt County Association of Governments.

	<u>Dial a Ride</u>
Arcata	\$ 83,312
Eureka	481,516
Humboldt Co.	152,587
HCAOG	<u>113,215</u>
	<u>\$ 830,630</u>

**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
June 30, 2023

**Exhibit D**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Description of Services (continued)**

On April 17, 2018 Eureka City Council adopted a resolution, effective July 1, 2019, to transfer and relinquish to HTA all management functions and assets of Eureka Transit. The Eureka City Council additionally authorized HTA to annually file a claim with HCAOG for all local, state, and federal transit funds and to directly receive all local, state, and federal annual appropriation allocated for ETS.

In December 2001, HTA contracted with the A&MRTS (Arcata and Mad River Transit system) to provide bus maintenance, fueling and parking at the HTA facility. As of July 1, 2023, HTA's contract with A&MRTS includes providing drivers as well as maintenance services. HTA is also contracted with CAE Transport, Inc. to provide Dial a Ride program services.

**D. Property, Plant, and Equipment**

The following is a summary of property, plant, and equipment, at cost, less accumulated depreciation:

	2023	2022
Buses	\$ 12,087,420	\$ 12,087,420
Other Transportation Equipment	1,684,405	1,712,999
Office Equipment	114,705	136,797
Other Equipment	2,787,220	3,196,982
Real Property - Land	2,111,837	2,111,837
Buildings & Improvements	3,618,968	3,509,480
Subtotal	\$ 22,404,555	\$ 22,755,515
Less Accumulated Depreciation	(14,654,484)	(13,546,308)
Total Property, Plant & Equipment	\$ 7,750,071	\$ 9,209,207
Property, Plant & Equipment, Beginning	\$ 22,755,515	\$ 20,770,988
Capital Acquisitions	131,862	1,984,527
Sales/Dispositions	(467,373)	-
Property, Plant, & Equipment, Ending	\$ 22,420,004	\$ 22,755,515



**HUMBOLDT TRANSIT AUTHORITY**  
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 June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Property, Plant, and Equipment (continued)**

Depreciation is calculated using the straight-line method with useful lives as follows:

Buses	3 - 10 years
Other transportation equipment	3 - 15 years
Office equipment	3 - 15 years
Other equipment	3 - 15 years
Buildings	39 years

**E. Compensated Absences**

HTA has accrued a liability for vacation pay earned as of June 30, 2023, and 2022, in the amount of \$262,985 and \$235,750, respectively.

**F. Employee Retirement Plan**

Plan Description

HTA contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the state of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. HTA selects optional benefits provisions from the benefit menu by contract with CalPERS and adopts those benefits through resolutions of its Board of Directors. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814. A full description of the pension plan benefit provisions, assumptions for funding purposes, and membership information is listed in the June 30, 2022, Annual Actuarial Valuation Report, the most recent available report. This report is publicly available at CalPERS' website under Forms and Publications.

**HUMBOLDT TRANSIT AUTHORITY**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Employee Retirement Plan (Continued)**

Funding Policy

Participants are required to contribute approximately 7% of their annual covered salary towards their CalPERS pension. HTA is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rate if established and may be amended by CalPERS. The Plan's share of the risk pool's unfunded liability (Market Value) as of the measurement date June 30, 2022, totals \$3,041,585. See Note 1 (R) for GASB 68 recognition of pension liability and Note 5.

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. The result will be a shift of new members away from existing pools. The impact of most of the PEPRA changes will affect the contribution rates set for the 2015-2016 fiscal year. The act requires new employees to pay at least 50% of the total annual normal cost.

Annual Pension Cost

For fiscal year 2022-2023, HTA's annual pension cost of \$417,039 for CalPERS was equal to HTA's actual contributions. The required contribution was determined using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.00% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.30% to 14.20%. Both (a) and (b) included an inflation component of 2.75% and an annual payroll growth of 2.75%. The actuarial value of CalPERS assets was determined using techniques that smoothed the effects of short-term volatility in the market value of investments over a 15-year period (smoothed market value).

CalPERS has adopted an actuarial methodology that will set the 2015-2016 rates. CalPERS will use an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. Effective January 2013, HTA began contributing the full employer share towards the CalPERS retirement formula for bargaining unit employees, and each employee's share is contributed through an automatic payroll deduction.

Contributions for the unfunded accrued liability for the fiscal year ended June 30, 2023 and 2022 totaled \$219,036 and \$187,349, respectively.

**HUMBOLDT TRANSIT AUTHORITY**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Allocations**

During the year, the following Transportation Development Act (TDA), Article 4 funds were allocated to HTA:

	Operating Funds	Capital Funds
Redwood Transit System	\$ 1,698,530	-
Eureka Transit	171,486	-
Willow Creek	260,469	-
Southern Humboldt - Intercity	608,547	-
Total TDA Funds	\$ 2,739,032	\$ -

**H. Restricted Net Position**

Amounts restricted by the Board of Directors for the purposes of retiree health insurance, and insurance deductible reserve are presented on the balance sheet as restricted net position totaling \$115,000 and \$115,000 for the fiscal years ended June 30, 2023, and 2022. The amount of future equipment acquisition was designated as \$1,042,347 in 2022. The Board has since chosen to assign this to the unrestricted net assets.

Restricted net position indicates the portion of net position not appropriable for expenditures or amounts legally segregated for a specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

**I. Deferred Revenue**

Funds received under the Low Carbon Transit Operations Program (LCTOP) were deferred at June 30, 2023 and 2022 in the amounts of \$0 and \$540,485, respectively. They are deferred for expanded transit services, and free or reduced fare vouchers.

**HUMBOLDT TRANSIT AUTHORITY**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Cash and Cash Equivalents**

All highly liquid investments with a maturity date of three months or less when purchased are considered to be "cash equivalents." Cash on deposit with U.S. Bank is insured by the FDIC up to \$250,000.

At June 30, 2023, the Authority's cash balances included the following:

Petty cash	\$	250
Undeposited funds		71
Cash on deposit with County Treasury		6,773
Local Agency Investment fund		420,153
U.S. Bank		<u>5,977,330</u>
		<u>\$ 6,404,577</u>

**Fair Value Measurement**

HTA 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. The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs include: a) Quoted prices for similar assets or liabilities in active markets; b) Quoted prices for identical assets or liabilities in inactive markets; c) Inputs other than quoted prices that are observable for the asset or liability; d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs are significant unobservable inputs.

HTA's fair value measurements were as follows at June 30, 2023:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level</u>
Pooled Cash in County Treasury	\$6,773	2
Local Agency Investment Fund	\$420,153	2

HTA has not recorded fair value adjustments in the basic financial statements as they were determined to be immaterial to HTA.

**HUMBOLDT TRANSIT AUTHORITY**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Cash and Cash Equivalents (Continued)**

In 2022, HTA opened an account with the State Investment Fund LAIF. This is a voluntary program created by statute in 1977 as an investment alternative for California's local governments and special districts, codified in Section 16429.1. Participating agencies can withdraw their funds from LAIF at any time. LAIF is approximately 14% of the Pooled Money Investment Account (PMIA). All Securities purchased for the PMIA are authorized under Government Code Section 16430 and 16480.4. The State invests in a wide range of securities consistent with the investment objectives of Safety, Liquidity, and Yield. The investment policy is available online at [www.treasurer.ca.gov/pmis-laif/digest.pdf](http://www.treasurer.ca.gov/pmis-laif/digest.pdf).

**K. Credit Risk**

**Credit Risk – Investments**

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.

**Custodial Credit Risk – Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, HTA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of a failure of the counter party (e.g., broker-dealer) to a transaction, HTA will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Financial instruments that potentially subject HTA to concentration of credit risk consist principally of cash deposits. Accounts at the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2023, HTA's deposits were exposed to credit risk for \$5,647,483.

**Interest Rate Risk – Investments**

Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive to changes in market interest rates of its fair value. One of the ways the County of Humboldt Treasurer manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities, so a portion of its portfolio is maturing or coming close to maturity to ensure the cash flow and liquidity of operations. Since reducing the balances in the County funds, this will no longer be an issue.

The investments in LAIF are overseen by the Local Investment Advisory Board consisting of five members. The board's primary purpose is to advise and assist the State Treasurer in formulating the investment and reinvestment of moneys in the Local Agency Investment Fund, and the acquisition, retention, management, and disposition of investments of the fund. Interest is calculated on a dollar-day basis to guarantee equitable distribution among all member funds and is paid quarterly.

**HUMBOLDT TRANSIT AUTHORITY**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Grant Accounting**

Grants, entitlements, or shared revenues are recorded as non-operating revenues when they are earned and are measurable.

**M. Policy for Defining Operating and Non-operating Revenues**

Operating revenues consist of passenger fees for services and contract revenues; operating expenses consist of expenses related to providing such services. Non-operating revenues consist of other revenues and expenses such as interest, grants, and government support.

**N. Policy for Applying Restricted/Unrestricted Resources**

When an expense is incurred for which both restricted and unrestricted net assets are available, unrestricted resources are applied first.

**O. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**P. Accounts Receivable**

The direct write-off method is used for recording bad debts relating to accounts receivable. Management believes the use of this method, which is not in accordance with generally accepted accounting principles, does not result in amounts that would be materially different if the allowance method were used.

**Q. Contingent Liabilities**

The Authority participates in federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs have not been completed and the results analyzed by the grantor agencies. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Other Post-Employment Benefits**

**Plan Description**

In addition to the pension benefits described in F. above, HTA provides post-retirement health care benefits, in accordance with State statutes, to all retired employees with at least 5 years of service. For represented employees hired after December 19, 2012, at least 15 years of service are required. The Authority's contribution percentage ranges for eligible employees depend on factors such as date of hire and years of service and range from 50% to 100%.

The Authority has established the Humboldt Transit Authority 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 Authority and the bargaining units. The annual contribution is based on the current insurance premiums due for the participating retirees. For the fiscal years ended June 30, 2023 and 2022, the Authority contributed \$188,268 and \$165,385, which covered current premiums, but did not include any additional prefunding of benefits. Currently, 24 retirees are receiving benefits. There are 51 active employees. No trust has been created for the purpose of prefunding obligation for past services.

**Annual OPEB and Net OPEB Obligation**

The Authority had Total Compensation Systems Inc. prepare an actuarial study of retiree health liabilities under GASB 74/75 for valuation dates June 30, 2023 and 2022. Total OPEB liability was estimated at \$5,794,659 and \$5,544,895, respectively.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.65% in 2023 and 3.54% in 2022, based on an index of 20-year General Obligation municipal bonds. The projection of cash flows used to determine the discount rate assumed that Authority contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.

**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Other Post-Employment Benefits (Continued)**

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at June 30, 2022	\$ 5,544,895
Changes recognized for the measurement period	
Service cost	284,340
Interest	198,924
Changes in assumptions	(97,992)
Contributions - employer	-
Experience (Gains) Losses	-
Benefits paid	(135,508)
Administrative expense	-
Net Changes	<u>249,764</u>
Balance at June 30, 2023	<u>5,794,659</u>
(Valuation Date June 30, 2022)	<u>\$ 5,794,659</u>

**Change in OPEB Liability**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Assumptions**

Actuarial Cost Method	Entry-age actuarial cost method
Discount Rate	3.65%
Inflation	2.50%
Salary Increases	2.75% per annum
Investment Rate of Return	3.54%
Mortality Rate (1)	Derived using 2017 CalPERS Active Mortality for Miscellaneous Employees study.
Pre-Retirement Turnover (2)	Derived using 2017 CalPERS Termination Rates for School Employees study.
Healthcare Trend Rate	4.00%



**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Other Post-Employment Benefits (Continued)**

**Sensitivity to Discount Rate**

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Net OPEB Liability	\$ 6,757,222	\$ 5,794,659	\$ 5,027,953

**Sensitivity to Health Care Trend Rate**

	1% Decrease (3.0%)	Current Healthcare Cost Trend Rate (4.0%)	1% Increase (5.0%)
Net OPEB Liability	\$ 4,864,061	\$ 5,794,659	\$ 6,976,155

**Recognition of Deferred Outflows and Deferred Inflows of Resources (OPEB)**

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

To qualify for deferral, gains and losses must be based on GASB74/75 compliant valuations. It was determined that the time and expense necessary to rerun prior valuation and to restate prior financial statements was not justified. Since the Authority's prior valuation was performed in accordance with GASB 43/45, it is not possible to calculate compliant gains and losses.

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

For the fiscal year ended June 30, 2023, the Authority recognized OPEB expense of \$161,048. As of fiscal year, ended June 30, 2023, the Authority reported deferred outflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 870,209	\$ (1,082,470)
Differences between expected and actual experience	-	-
Total	\$ 870,209	\$ (2,725,845)

**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
 June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Other Post-Employment Benefits (Continued)**

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

Fiscal Year Ending June 30	Deferred Outflows/ (Inflows) of Resources
2024	\$ (322,216)
2025	(322,216)
2026	(322,216)
2027	(352,646)
2028	(347,534)
Thereafter	(188,808)
Totals	\$ (1,855,636)

**S. New Accounting Pronouncements**

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard’s primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement was implemented in the year June 30, 2022. HTA determined this Statement did not have an impact on the financial statements.

GASB Statement No. 79 - In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools, and Pool Participants*, effective for periods after December 15, 2015.

GASB Statement No. 78 - In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, effective for periods beginning after December 15, 2015. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through cost-sharing multiple employer defined benefit pension plans.

GASB Statement No. 76 – In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, for periods beginning after June 15, 2015. The objective is to identify the GAAP hierarchy used to prepare financial statements of state and local governmental entities.

**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. New Accounting Pronouncements (Continued)**

GASB Statement No. 75 - In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017.

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, effective for periods beginning after June 15, 2016.

GASB Statement No. 73 - In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This standard establishes requirements for defined benefit pensions that are not within the scope of GASB Statement 68 and amends certain provisions of GASB Statements 67 and 68. The Statement is effective for periods beginning after June 15, 2016. HTA has not yet determined the impact on the financial statements.

GASB Statement No. 72 - In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This standard addresses accounting and financial reporting issues related to fair value measurements. The Statement is effective for periods beginning after June 15, 2015. HTA has implemented GASB Statement No. 72 for the year ended June 30, 2016. Implementation of GASB No. 72 did not have a significant impact on the financial statements.

In June 2012, GASB issued Statement 68, *Accounting and Financial Reporting for Pensions* and Statement 67, *Financial Reporting for Pension Plans*. In December 2015, GASB issued Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. Under these new regulations employers are required to record the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which changed the structure of a government balance sheet.

Deferred Outflow – represents the consumption of a government's net assets that is applicable to a future period.

Deferred Inflow – represents the acquisition of net assets that is applicable to a future reporting period.

**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
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**NOTE 2. CONFORMITY WITH TDA REGULATIONS**

**No Excess Operating Funds Received:**

The total HTA system met the compliance requirements of Section 6634 of the California Administrative Code addressing TDA fund eligibility. Fund eligibility is determined by subtracting actual fare revenues and contract revenue, depreciation, and any federal or state operating funds received from total operating costs. This amount represents the maximum allowable TDA funding for operating expenses for the fiscal year ended June 30, 2023.

		<b>2023</b>
Operating Costs	\$	9,808,977
Less Depreciation		(1,284,281)
Less Fare Revenues & Contract Revenue		(1,069,181)
Less STAF Operating Funds		(860,607)
Less Federal Operating Funds		(3,222,194)
Maximum TDA Fund Eligibility		3,372,714
TDA Funds Received		3,019,911
No Excess TDA Funds Received	\$	(352,803)

**Compliance with TDA Fund Eligibility:**

HTA has met the TDA guidelines for June 30, 2023.

The following are options for HTA if there were excess TDA funding received:

- a. Claims by member entities for operating costs for the following fiscal year may be reduced by the current year excess TDA funds.
- b. Members may file amended claims for the current fiscal year applying the excess fund to capital expenditures made during the current year.
- c. Members may repay the excess TDA funds to the Transportation Planning Agency (HCAOG) on demand.

**HUMBOLDT TRANSIT AUTHORITY**  
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**NOTE 3. FARE BOX RECOVERY RATIOS**

Under Sections 6633.2 and 6633.5 of the Transportation Development Act regulations, the fixed route and demand response services must maintain specific fare box recovery ratios. Assembly Bill 90, approved by Governor Newsom June 29, 2020, provided a waiver for the imposition of penalties for not maintaining the required ratio of fare revenue to operating costs through June 30, 2026. Below is the farebox recovery ratio calculation for the Humboldt Transit Authority for the year ended June 30, 2023.

	<b>June 30, 2023</b>
Fare Box Revenue	857,824
Operating Costs	8,023,427
Depreciation	(1,265,562)
Adjusted Operating Costs	6,757,865
Farebox recovery ratio	12.69%
Required farebox recovery ratio	10.00%
Requirement met	Yes

**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
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**NOTE 4. RISK MANAGEMENT**

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority insures against such losses with an insurance policy issued through the California Transit Insurance Pool (CalTip), a joint powers insurance authority. The coverage includes general, automobile, and public officials' errors & omissions liability, as well as vehicle physical damage insurance to a total of \$40 million, with a deductible of \$50,000 per occurrence which HTA has restricted in fund equity as insurance deductible reserves for the equivalent of two claims. HTA is not currently involved in any litigation matters.

**NOTE 5. PENSION PLAN**

**Plan Description** - All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by State statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the Humboldt Transit Authority. The Humboldt Transit Authority's employer rate plans in the miscellaneous risk pool include the Miscellaneous Plan and the PEPRM Miscellaneous Plan. The Humboldt Transit Authority does not have any rate plans in the safety risk pool.

**Benefits Provided** - The Plan 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 hired prior to January 1, 2013 with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013 with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**HUMBOLDT TRANSIT AUTHORITY**  
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**NOTE 5. PENSION PLAN (Continued)**

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

Hire Date	<u>Miscellaneous</u> Prior to Jan 1, 2013	<u>PEPRA Misc</u> On or after Jan 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50	52
Monthly benefits as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rates	6.920%	6.750%
Required Employer Contribution Rates	10.320%	7.470%

**Contributions** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The contribution rates are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. HTA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Humboldt Transit Authority's contributions to the risk pools in the Plan for the year ended June 30, 2023, were as follows:

Contributions - Employer	\$ 198,002
Contributions - Employee (UAL)	219,037
Total Contributions	<u>\$ 417,039</u>

**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
June 30, 2023

**NOTE 5. PENSION PLAN (Continued)**

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

As of June 30, 2023, HTA reported net pension liabilities for its proportionate shares of the net pension liability in the amount of \$3,041,585.

The Humboldt Transit Authority's net pension liability for each risk pool is measured as the proportionate share of each risk pool's net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

The Humboldt Transit Authority's proportionate share of the net pension liability as of June 30, 2022, the valuation date, was calculated as follows:

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2022. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date was calculated by dividing the Humboldt Transit Authority's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

HTA's proportionate share of the net pension liability as of June 30, 2022, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2022, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date, was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2022, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.



**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
 June 30, 2023

**NOTE 5. PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2022, was calculated by applying HTA's proportionate share percentage as of the valuation date to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2022, to obtain the total pension liability and fiduciary net position as of June 30, 2022. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The Humboldt Transit Authority's proportionate share percentage of the net pension liability for each risk pool as of June 30, 2022, and June 30, 2021, was as follows:

	<b>Miscellaneous Risk Pool</b>
Proportion at measurement date - June 30, 2021	0.062739%
Proportion at measurement date - June 30, 2022	0.065002%
Change - Increase (Decrease)	0.002263%

For the year ended June 30, 2022, the Humboldt Transit Authority recognized pension expense of \$126,046. At June 30, 2022, the Humboldt Transit Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 56,645	\$ (40,322)
Change in Assumptions	307,206	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	592,366	-
Adjustments due to Differences in Proportions	172,986	-
Differences between the employer's contributions and the employer's proportionate share of	-	(136,109)
Differences between Actual and Required Contributions		
Contributions after Measurement Date	417,039	-
Total	\$ 1,546,242	\$ (176,431)

**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
 June 30, 2023

**NOTE 5. PENSION PLAN (Continued)**

Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Measurement Date June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2023	\$ 258,290
2024	227,457
2025	132,512
2026	334,513
2027	-
<b>Total</b>	<b>\$ 952,772</b>

**Actuarial Assumptions** – For the measurement period ended June 30, 2022 (the measurement date), the total pension liability for the Plan was determined using the following actuarial assumptions:

	<u><b>Miscellaneous</b></u>
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-age normal cost method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return	6.80%
Mortality	membership data for all funds

Depending on age, service, and type of employment

Net of Pension Plan Investment and Administrative Expenses; includes Inflation

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2021 experience study report (CalPERS Website)

**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
June 30, 2023

**NOTE 5. PENSION PLAN (Continued)**

**Discount Rate** – The discount rate used to measure the total pension liability is 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2021 based on June 30, 2020 Valuations*, which can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 6.80% investment return assumption used in this accounting valuation is net of administrative expenses. Using this rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

In determining the long-term expected rate of return, CalPERS considered long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
 June 30, 2023

**NOTE 5. PENSION PLAN (Continued)**

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years</u> <u>(a) (b)</u>
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%
	<u>100%</u>	

(a) - An expected inflation of 2.3% used for this period

(b) - Figures are based on 21-22 Asset Liability Management study.

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** – The following presents HTA’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what HTA’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Discount Rate less 1%</u> <u>5.90%</u>	<u>Current Discount Rate</u> <u>6.90%</u>	<u>Discount Rate plus 1%</u> <u>7.90%</u>
Net pension liability	\$4,914,996	\$3,041,585	\$1,500,231

**NOTE 6. RECLASSIFICATIONS**

Certain amounts have been reclassified in the prior year financial statements to conform to the current year’s presentation.

**HUMBOLDT TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
June 30, 2023

**NOTE 8. SUBSEQUENT EVENTS**

Management has evaluated all known events and transactions for potential recognition or disclosure through March 27, 2024, the date the financial statements were available to be issued.

Humboldt Transit received several federal funds under the Coronavirus Aid, Relief, and Economic Security Act or CARES Act to cover Covid safety equipment purchases, lost revenue, and Covid payroll expenses between 2021 and 2023. HTA also received Emergency Relief for operating assistance from the federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA). These funds, \$1,137,106, expire by June 30, 2025.

HTA received federal funds from the American Rescue Plan Act of 2021 for \$905,000 which was used to cover payroll in 2023.

HTA was awarded a federal 5311 grant under the American Rescue Plan Act of 2021 for \$208,681 which has not been expended or received by June 30, 2023. It covers the period January 20, 2020 to June 30, 2028. ARPA grants are to support public transportation systems recovering from the Covid -19 pandemic.

Humboldt Transit Authority with the Yurok Tribe and Redwood Coast Transit Authority was awarded \$17.5 million in grant funds to expand transit services and the zero-emission bus fleet. These State funds are intended to deploy four electric buses on the Yurok Tribal Transit service, to construct a new transit center in Crescent City, to deploy six zero-emission vehicles on existing routes, and to design a prototype fuel cell electric coach for a 400-mile range to operate zero-emission long distance routes. HTA's portion of these funds amounts to \$8,601,000 to fund the prototype fuel cell electric coach development, production and testing.

The California State Transportation Agency awarded HTA a \$38.7 million grant under the Transit and Intercity Rail Capital Program (TIRCP). These funds will be used to build a hydrogen fueling station in Eureka, to purchase 11 hydrogen fuel cell electric buses, to update its maintenance facility to support the new buses, to create a new transit service Redwood Coast Express (RCX) to provide service to Ukiah, and to construct a new transit center in downtown Eureka, called The Eureka Regional Transit and Housing Center (EaRTH Center) to consolidate all transit services.

**SUPPLEMENTARY INFORMATION**

EXHIBIT E

HUMBOLDT TRANSIT AUTHORITY  
 Combining Schedule of Net Position  
 June 30, 2023

		ASSETS							
		RTS	AMRTS MAINT.	WILLOW CREEK	ETS	SAMOA	DAR	SOHUM	TOTAL
<b>Current Assets</b>									
<b>Cash and Cash Equivalents</b>									
On Hand and in Deposit Accounts		\$ 4,169,923	\$ (22,073)	\$ 812,769	\$ (931,924)	(102,262)	\$ 12,815	\$1,838,373	\$ 5,977,851
Restricted Cash		426,526							426,526
<b>Total Cash and Cash Equivalents</b>		4,596,449	(22,073)	812,769	(931,924)	(102,262)	12,815	1,838,373	6,404,577
Accounts Receivable		209,839							209,839
Grant Receivables		1,398,028							1,398,028
STAR Grant Reimbursable		10,666							10,666
Materials and Supplies Inventory (at cost)		383,110							383,110
Pass through Account		1,143							1,143
Prepaid Expenses		51,114							51,114
<b>Total Current Assets</b>		6,650,789	(22,073)	812,769	(931,924)	(102,262)	12,815	1,838,373	8,458,497
<b>Work in Progress</b>		15,449							15,449
<b>Property, Plant and Equipment, Net</b>		4,761,034		290,379	1,932,059		148,222	658,377	7,750,071
<b>Deferred Outflows of Resources - Pension</b>		1,546,242							1,546,242
<b>Deferred Outflows of Resources - OPEB</b>		870,209							870,209
<b>Total Deferred Outflows of Resources</b>		2,416,451							2,416,451
<b>TOTAL ASSETS</b>		\$13,843,703	\$ (22,073)	\$1,063,178	\$ 1,100,135	\$ (102,262)	\$161,037	\$2,596,750	\$18,640,468

		LIABILITIES AND NET POSITION							
		RTS	AMRTS MAINT.	WILLOW CREEK	ETS	SAMOA	DAR	SOHUM	TOTAL
<b>Current Liabilities</b>									
Trade Payable		\$ 141,376	\$ 25,869	\$ -	\$ 363	\$ -	\$115,000	\$ -	\$ 283,438
Insurance Payable		28,969		2,499	9,997		9,997	8,747	61,229
DAR Liability		78,977							78,977
Prepaid Advertising Revenue		37,242							37,242
Deferred Fare Revenue		387,368							387,368
Accrued Payroll Liabilities		320,149							320,149
<b>Total Current Liabilities</b>		965,121	25,869	2,499	10,360		125,797	8,747	1,089,423
<b>Long-Term Liabilities</b>									
Lease Deposit									
Pension Liability		2,737,427		30,416	212,911				3,041,566
Net OPEB Obligation		3,255,405		206,144	1,597,703				5,794,658
<b>Total Long-Term Liabilities</b>		6,002,832		236,560	1,810,614				8,050,006
<b>TOTAL LIABILITIES</b>		6,967,953	25,869	241,059	1,820,974		125,797	792,984	10,005,667
<b>Deferred Inflows of Resources - Pension</b>		176,431							176,431
<b>Deferred Inflows of Resources - OPEB</b>		2,725,845							2,725,845
<b>Total Deferred Inflows of Resources</b>		2,902,276							2,902,276
<b>Invested in Capital Assets, Net of Related Debt</b>		4,776,485		260,379	1,932,059		148,222	658,377	7,765,520
<b>Restricted Net Position</b>									
Insurance Deductible Reserve		100,000							100,000
Retiree's Health Insurance		15,000							15,000
<b>Total Restricted Net Position</b>		115,000							115,000
<b>Unrestricted Net Position</b>									
(649,010)			(47,972)	571,740	(2,652,898)	(102,262)	(112,882)	1,145,389	(2,147,995)
3,942,473			(47,972)	822,119	(720,838)	(102,262)	35,240	1,803,765	5,732,525
<b>Total Net Position</b>		\$13,843,703	\$ (22,073)	\$1,063,178	\$ 1,100,135	\$ (102,262)	\$161,037	\$2,596,750	\$18,640,468
<b>TOTAL LIABILITIES AND NET POSITION</b>									

The accompanying notes and independent auditors' report are an integral part of these financial statements.

EXHIBIT F

HUMBOLDT TRANSIT AUTHORITY  
 Combining Schedule of Revenues, Expenses, and Changes in Net Position  
 For the Year Ended June 30, 2023

	HTA/ RTS	AMRTS /MAINT.	WILLOW CREEK	ETS	SALMOA	Combined DAR	SCHUM- InterCity	TOTAL
<b>OPERATING REVENUES</b>								
Fares	\$ 550,488		\$ 48,566	\$ 203,194	\$ 327	\$ 80,940	\$ 55,797	\$ 949,313
Contract Revenue	114,463	135,000	115	5,290	-	-	-	254,868
Other Operating Revenue	15,794	978	-	-	-	-	-	16,772
<b>Total Operating Revenues</b>	<b>680,746</b>	<b>135,978</b>	<b>48,681</b>	<b>208,484</b>	<b>327</b>	<b>80,940</b>	<b>55,797</b>	<b>1,220,953</b>
<b>OPERATING EXPENSES</b>								
Labor and Benefits	3,931,858	64,742	98,464	701,209	-	188,441	204,889	5,169,414
Professional Services	237,579	-	-	-	-	-	-	237,579
Specialized Services	1,240	-	24	364	-	-	-	968,543
Repairs, Supplies, and Maintenance	670,289	15,465	54,200	178,494	134,287	830,828	-	1,077,727
Casualty and Liability Insurance	181,102	-	11,275	65,096	-	44,454	90,673	383,099
Facility Expenses	207,140	54,900	57,173	84,932	51,220	171,163	51,172	703,136
Allocated Maintenance	(432,734)	-	92,082	173,325	-	-	167,347	-
Leases and Rentals	1,293	1,700	1,293	1,294	1,293	1,294	1,293	9,460
Allocated Administration	(523,249)	-	113,135	197,986	-	-	212,128	-
Advertising	33,480	-	8,761	8,761	-	5	2,655	46,527
Other	86,333	1,525	56	380	-	1,198	42	95,544
Depreciation	868,942	-	41,165	214,130	6,714	18,719	134,611	1,284,281
<b>Total Operating Expenses</b>	<b>5,273,304</b>	<b>138,332</b>	<b>470,473</b>	<b>1,623,881</b>	<b>193,514</b>	<b>1,306,828</b>	<b>941,178</b>	<b>9,947,310</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(4,592,558)</b>	<b>(2,354)</b>	<b>(421,792)</b>	<b>(1,415,497)</b>	<b>(193,187)</b>	<b>(1,215,888)</b>	<b>(885,381)</b>	<b>(8,726,357)</b>
<b>NONOPERATING REVENUES</b>								
Advertising	79,239	-	-	-	-	-	-	79,239
Rents & Leases	39,339	215	-	-	-	-	-	38,554
Operating Grants	-	-	-	-	-	-	-	-
TDA Assessments	1,698,530	-	280,469	452,365	-	-	608,547	3,019,911
Federal - FTA	487,165	-	100,000	108,259	-	-	200,000	895,422
Federal - CAPES /CRSAA/ARPA	1,674,927	-	96,633	367,579	-	-	185,033	2,326,772
State Operating - SGR	77,375	-	3,861	35,587	-	-	8,368	170,807
State Operating - STAF	427,513	-	104,960	104,960	134,287	45,616	-	973,802
State - LCTOP	314,861	-	27,468	151,587	-	307,042	-	511,574
State - TIRCP Grant	102,210	-	-	-	-	-	17,658	102,210
Interest Income	112,042	-	-	-	-	-	-	112,042
Gain on Disposal of Capital Assets	1,108,732	-	-	-	-	-	-	1,108,732
Contract Revenue Other	1,200	-	-	8,363	-	717,415	-	726,978
Grant Expenses	(4,494)	-	-	-	-	-	-	(4,494)
<b>Total Nonoperating Revenues</b>	<b>6,117,237</b>	<b>215</b>	<b>491,231</b>	<b>1,228,700</b>	<b>134,287</b>	<b>1,070,073</b>	<b>1,019,606</b>	<b>10,061,349</b>
<b>CHANGE IN NET POSITION BEFORE CAPITAL GRANTS</b>	<b>1,524,679</b>	<b>(2,139)</b>	<b>69,439</b>	<b>(186,797)</b>	<b>(58,900)</b>	<b>(145,515)</b>	<b>134,225</b>	<b>1,334,892</b>
<b>CAPITAL GRANTS</b>								
Capital Grants:								
Federal - 5311	-	-	14,149	-	-	-	26,277	40,426
State - STAF	71,720	-	-	-	-	-	-	71,720
SGR funds	14,756	-	698	6,786	-	8,700	1,586	32,540
LCTOP Grant	(14,459)	-	37,316	-	-	-	-	22,860
County	34,098	-	-	-	-	-	-	34,098
<b>Total Capital Grants</b>	<b>106,116</b>	<b>-</b>	<b>52,163</b>	<b>6,786</b>	<b>-</b>	<b>8,700</b>	<b>27,873</b>	<b>201,642</b>
Unearned Income Adjustment	104,748	-	13,272	23,226	-	-	24,886	166,132
<b>CHANGE IN NET POSITION</b>	<b>1,735,545</b>	<b>(2,139)</b>	<b>134,874</b>	<b>(156,783)</b>	<b>(58,900)</b>	<b>(136,815)</b>	<b>186,984</b>	<b>1,702,766</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>\$ 2,208,928</b>	<b>\$ (45,833)</b>	<b>\$ 687,245</b>	<b>\$ (584,056)</b>	<b>\$ (43,362)</b>	<b>\$ 172,055</b>	<b>\$ 1,616,782</b>	<b>\$ 4,026,759</b>
<b>TRANSFER NET ASSETS</b>								
<b>NET POSITION, END OF YEAR</b>	<b>\$ 3,944,473</b>	<b>\$ (47,972)</b>	<b>\$ 822,119</b>	<b>\$ (720,839)</b>	<b>\$ (102,262)</b>	<b>\$ 35,240</b>	<b>\$ 1,803,766</b>	<b>\$ 5,729,525</b>

The accompanying notes and independent auditors' report are an integral part of these financial statements.



EXHIBIT G

HUMBOLDT TRANSIT AUTHORITY  
Combining Schedule of Net Position  
June 30, 2022

	ASSETS						TOTAL
	RTS	AMRTS MAINT.	WILLOW CREEK	FTS	SAMOA	DAR	
<b>Current Assets</b>							
<b>Cash and Cash Equivalents</b>							
On Hand and in Deposit Accounts	\$ 227,542	\$ (63,132)	\$ 618,991	\$ (1,243,384)	(92,037)	\$ 82,864	\$ 1,510,017
Reserve Cash	1,872,167	(83,132)	628,991	(1,243,384)	(82,037)	92,894	1,510,017
<b>Total Cash and Cash Equivalents</b>							
Accounts Receivable	42,462	17,681	336	45,430	-	36,240	616
Grant Receivables	2,273,786	-	-	-	-	-	-
SOR Grant Receivable	56,793	-	-	-	-	-	-
STAR Grant Receivable	330,575	-	-	-	-	-	-
Employee Advances	-	-	-	-	-	-	-
Materials and Supplies Inventory (at cost)	370,934	-	-	-	-	-	-
Prepaid Expenses	3,897	-	-	-	-	-	-
<b>Total Current Assets</b>	<u>4,688,668</u>	<u>(45,451)</u>	<u>629,327</u>	<u>(1,197,954)</u>	<u>(92,037)</u>	<u>120,134</u>	<u>1,510,633</u>
<b>Work in Progress</b>							
Equipment, Plant and Equipment, Net	5,652,438	-	272,200	2,252,355	-	113,789	828,559
Deferred Outflows of Resources - Pension	668,333	-	-	-	-	-	-
Deferred Outflows of Resources - OPEB	1,089,171	-	-	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<u>1,757,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 12,128,010</u>	<u>\$ (45,451)</u>	<u>\$ 901,527</u>	<u>\$ 1,054,401</u>	<u>\$ (24,171)</u>	<u>\$ 244,923</u>	<u>\$ 2,330,192</u>

LIABILITIES AND NET POSITION

	LIABILITIES AND NET POSITION						TOTAL
	RTS	AMRTS MAINT.	WILLOW CREEK	ETS	SAMOA	DAR	
<b>Current Liabilities</b>							
Trade Payable	\$ 78,179	\$ 382	\$ 15	\$ 1,231	\$ 11,191	\$ 65,870	\$ 452
Insurance Payable	26,354	-	3,181	4,998	-	4,998	3,907
DAF Liability	83,069	-	-	-	-	-	-
Deferred Income	540,455	-	-	-	-	-	-
Deferred Fare Revenue	365,211	-	-	-	-	-	-
Accrued Payroll Liabilities	382,772	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<u>1,894,070</u>	<u>382</u>	<u>3,196</u>	<u>6,229</u>	<u>11,191</u>	<u>70,868</u>	<u>6,359</u>
<b>Long-Term Liabilities</b>							
Lease Deposit	-	-	-	-	-	-	-
Pension Liability	1,072,153	-	11,913	83,300	-	-	-
Net OPEB Obligation	3,124,659	-	199,173	1,528,838	-	-	23,826
<b>Total Long-Term Liabilities</b>	<u>4,196,812</u>	<u>-</u>	<u>211,086</u>	<u>1,612,228</u>	<u>-</u>	<u>-</u>	<u>716,051</u>
<b>TOTAL LIABILITIES</b>	<u>5,680,882</u>	<u>382</u>	<u>214,282</u>	<u>1,618,457</u>	<u>11,191</u>	<u>70,868</u>	<u>722,410</u>
<b>Deferred Inflows of Resources - Pension</b>	1,071,169	-	-	-	-	-	-
<b>Deferred Inflows of Resources - OPEB</b>	3,169,031	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>4,240,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Invested in Capital Assets, Net of Related Debt</b>	5,682,438	-	272,200	2,252,355	59,866	113,789	828,559
<b>Restricted Net Position</b>							
Insurance Deductible Reserve	100,000	-	-	-	-	-	-
Equipment Acquisition	1,042,347	-	-	-	-	-	-
Roth's Health Insurance	13,000	-	-	-	-	-	-
<b>Total Restricted Net Position</b>	<u>1,155,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Unrestricted Net Position</b>	(5,632,857)	(45,833)	415,045	(2,016,641)	(109,229)	38,266	788,223
Transfer Equity	-	-	677,245	(564,029)	(49,362)	172,055	1,616,782
<b>Total Net Position</b>	<u>2,205,928</u>	<u>(45,833)</u>	<u>677,245</u>	<u>(564,029)</u>	<u>(49,362)</u>	<u>172,055</u>	<u>1,616,782</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 12,128,010</u>	<u>\$ (45,451)</u>	<u>\$ 901,527</u>	<u>\$ 1,054,401</u>	<u>\$ (24,171)</u>	<u>\$ 244,923</u>	<u>\$ 2,330,192</u>

The accompanying notes and independent auditors' report are an integral part of these financial statements.

EXHIBIT H

HUMBOLDT TRANSIT AUTHORITY  
 Combining Schedule of Revenues, Expenses, and Changes in Net Position  
 For the Year Ended June 30, 2022

	HTA/ RTS	AMRTS MAINT.	WILLOW CREEK	ETS	SAMOA	Combined DAR	SORUM Inter-City	TOTAL
<b>OPERATING REVENUES</b>								
Fares	\$ 499,816	\$ -	\$ 30,249	\$ 217,655	\$ 388	\$ 128,809	\$ 55,171	\$ 932,068
Contract Revenue	69,021	142,253	1,040	108,334	-	660,683	-	981,331
Other Operating Revenue	150	-	-	-	-	7,119	-	7,269
<b>Total Operating Revenues</b>	<u>568,987</u>	<u>142,253</u>	<u>31,289</u>	<u>325,969</u>	<u>388</u>	<u>796,611</u>	<u>55,171</u>	<u>1,920,668</u>
<b>OPERATING EXPENSES</b>								
Labor and Benefits	3,554,419	53,080	82,734	638,486	-	162,513	174,360	4,665,592
Professional Services	159,965	-	-	-	-	-	-	159,965
Specialized Services	-	-	-	-	-	-	-	-
Repairs, Supplies, and Maintenance	384,514	40,741	59,810	165,104	134,287	790,440	94,317	924,727
Casualty and Liability Insurance	211,765	-	23,016	38,230	-	21,788	50,083	966,274
Facility Expenses	1,65,656	50,209	54,527	80,599	-	36,725	80,801	399,819
Allocated Maintenance	(263,383)	-	32,839	176,929	-	67,532	53,615	499,344
Leases and Rentals	1,951	1,951	1,951	1,951	-	-	1,951	9,755
Allocated Administration	(385,273)	-	72,973	393,160	-	-	119,140	-
Advertising	42,366	-	-	-	-	-	-	-
Other	87,690	937	164	608	-	984	151	42,366
Depreciation	880,595	-	48,905	249,336	6,714	28,391	152,968	90,534
<b>Total Operating Expenses</b>	<u>4,840,265</u>	<u>146,918</u>	<u>376,919</u>	<u>1,744,603</u>	<u>141,001</u>	<u>1,108,393</u>	<u>727,386</u>	<u>9,085,485</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(4,271,278)</u>	<u>(4,665)</u>	<u>(345,630)</u>	<u>(1,418,634)</u>	<u>(140,613)</u>	<u>(311,782)</u>	<u>(672,215)</u>	<u>(7,164,817)</u>
<b>NONOPERATING REVENUES</b>								
Advertising	60,768	-	-	-	-	-	-	60,768
Rents & Leases	117,028	-	-	-	-	-	-	117,028
Operating Grants	-	-	-	-	-	-	-	-
TDA Assessments	1,649,010	-	252,883	162,233	-	-	451,199	2,513,325
Federal - FTA	-	-	100,000	351,187	-	-	200,000	651,187
Federal - CARES/CRSAA	966,263	-	30,884	228,820	67,144	37,674	83,075	1,433,860
State Operating - SGR	86,867	-	5,717	27,380	-	33,476	7,941	161,381
State Operating - STAF	378,039	-	14,718	214,034	-	258,445	41,278	906,534
State - LCTOP	215,630	-	66,950	102,800	-	-	43,525	428,925
Interest Income	741	-	-	-	-	-	-	741
Gain on Disposal of Capital Assets	5,200	-	-	-	-	5,200	-	10,400
Grant Expenses	(258,592)	-	-	-	-	-	-	(258,592)
<b>Total Nonoperating Revenues</b>	<u>3,220,984</u>	<u>-</u>	<u>491,152</u>	<u>1,086,454</u>	<u>67,144</u>	<u>334,795</u>	<u>827,018</u>	<u>6,027,337</u>
<b>CHANGE IN NET POSITION BEFORE CAPITAL GRANTS</b>	<u>(1,050,294)</u>	<u>(4,665)</u>	<u>145,522</u>	<u>(332,180)</u>	<u>(73,469)</u>	<u>23,013</u>	<u>154,803</u>	<u>(1,137,260)</u>
<b>CAPITAL GRANTS</b>								
Capital Grants:								
Federal - 3311	242,443	-	5,433	244,153	-	-	7,440	499,469
State - STAF	135,421	-	-	120,000	-	63,619	4,772	321,812
Other / County	203,749	-	22,691	97,338	-	50,000	26,291	400,069
<b>Total Capital Grants</b>	<u>579,613</u>	<u>-</u>	<u>28,124</u>	<u>461,491</u>	<u>-</u>	<u>113,619</u>	<u>38,503</u>	<u>1,221,350</u>
<b>CHANGE IN NET POSITION</b>	<u>(470,671)</u>	<u>(4,665)</u>	<u>173,646</u>	<u>129,311</u>	<u>(73,469)</u>	<u>136,632</u>	<u>193,306</u>	<u>84,090</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>2,577,599</u>	<u>(41,168)</u>	<u>513,559</u>	<u>(693,367)</u>	<u>30,107</u>	<u>35,423</u>	<u>1,423,476</u>	<u>3,945,669</u>
<b>TRANSFER NET ASSETS</b>								
<b>NET POSITION, END OF YEAR</b>	<u>2,206,928</u>	<u>(45,833)</u>	<u>687,205</u>	<u>(564,056)</u>	<u>(43,362)</u>	<u>172,055</u>	<u>1,616,782</u>	<u>4,029,759</u>

The accompanying notes and independent auditors' report are an integral part of these financial statements

**HUMBOLDT TRANSIT AUTHORITY**  
**SCHEDULE OF CONTRIBUTIONS FOR THE LAST TEN YEARS \***  
**CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
 June 30, 2023

	CalPERS Fiscal Year 2014-15	CalPERS Fiscal Year 2015-16	CalPERS Fiscal Year 2016-17	CalPERS Fiscal Year 2017-18	CalPERS Fiscal Year 2018-2019	CalPERS Fiscal Year 2019-2020	CalPERS Fiscal Year 2020-2021	CalPERS Fiscal Year 2021-2022	CalPERS Fiscal Year 2022-2023
Contractually required contribution (actuarially determined) \$	183,998	203,417	243,840	267,536	311,687	365,024	383,573	419,983	417,039
Contribution in relation to the									
actuarially determined contribution	(183,998)	(203,417)	(243,840)	(267,536)	(311,687)	(365,024)	(383,573)	(419,983)	(417,039)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,701,088	\$ 1,845,624	\$ 1,962,831	\$ 2,143,796	\$ 2,379,782	\$ 2,246,615	\$ 2,501,758	\$ 2,605,891	\$ 2,276,983
Contributions as a percentage of covered payroll	10.82%	11.02%	12.42%	12.48%	13.10%	16.25%	15.33%	16.12%	18.32%

**Notes to Schedule:**

Contribution Valuation Date:

6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
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\* - Fiscal year 2015 was the first year of implementation, therefore only 9 years are shown.

**HUMBOLDT TRANSIT AUTHORITY**  
**SCHEDULE OF HTA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
 June 30, 2023

**LAST TEN YEARS \***

	Measurement Date	Measurement Date	Measurement Date	Measurement Date	Measurement Date	Measurement Date	Measurement Date	Measurement Date	Measurement Date
	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Plan's proportion of the Perf C net Pension	0.021640%	0.019949%	0.020911%	0.021413%	0.021432%	0.022236%	0.022946%	0.022027%	0.026332%
Plan's proportionate share of the net pension liability	\$ 1,346,438	\$ 1,369,306	\$ 1,809,418	\$ 2,123,612	\$ 2,065,232	\$ 2,278,561	\$ 2,496,596	\$ 1,191,282	\$ 3,041,585
Plan's covered payroll	\$ 1,701,088	\$ 1,845,624	\$ 1,962,831	\$ 2,143,796	\$ 2,379,782	\$ 2,213,417	\$ 2,333,508	\$ 2,501,758	\$ 2,605,891
Plan's proportionate share of the net pension liability as percentage of covered payroll	79.15%	74.19%	100.56%	105.04%	86.78%	102.94%	106.99%	47.62%	116.72%
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	81.21%	82.07%	77.68%	76.64%	78.40%	77.73%	77.98%	90.11%	77.87%

**NOTES TO SCHEDULE:**

**Benefit changes:** There were no changes to benefit terms.

**Changes in assumptions:** There were no changes in assumptions.

\* - Fiscal year 2015 was the first year of implementation, therefore only 8 years are shown.

HUMBOLDT TRANSIT AUTHORITY  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
FOR THE LAST TEN YEARS\*  
 For the Year Ended June 30, 2023

Measurement Period, June 30	2018	2019	2020	2021	2022	2023
Total OPEB Liability:						
Service cost	\$ 402,191	\$ 413,251	\$ 455,270	\$ 443,850	\$ 460,504	\$ 284,340
Interest on the total OPEB liability	211,000	210,871	238,741	159,347	167,781	198,924
Actual and expected experience difference	-	-	(1,525,606)	-	(1,187,943)	-
Changes in assumptions	-	311,858	1,411,177	54,344	(1,360,288)	(97,992)
Changes in benefit terms	-	-	-	-	-	-
Benefit payments	(149,017)	(154,978)	(166,485)	(137,474)	(145,088)	(135,508)
Net change in OPEB liability	464,174	781,002	413,097	520,067	(2,065,034)	249,764
Total OPEB liability - beginning	5,431,588	5,895,762	6,676,764	7,089,861	7,609,928	5,544,895
Total OPEB liability - ending	\$ 5,895,762	\$ 6,676,764	\$ 7,089,861	\$ 7,609,928	\$ 5,544,895	\$ 5,794,659
Plan Fiduciary Net Position:						
Contribution - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	-	-	-	-	-	-
Benefit payments	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending (a) - (b)	\$ 5,895,762	\$ 6,676,764	\$ 7,089,861	\$ 7,609,928	\$ 5,544,895	\$ 5,794,659
Covered payroll	\$ 2,379,782	\$ 2,560,973	\$ 2,780,735	\$ 2,825,927	\$ 2,381,060	\$ 3,155,445
Total OPEB liability as a percentage of covered payroll	248%	261%	255%	269%	233%	184%

**Notes to Schedule**

The District's retiree healthcare plan had no assets accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Statement no. 75, paragraph 4.

**Changes in assumptions** - The investment rate of return changed from 3.54% to 3.65%

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.

\* Fiscal Year 2018 was the first year of implementation, therefore only 6 years are shown.



# ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors  
Humboldt Transit Authority

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited Humboldt Transit Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Humboldt Transit Authority's major federal programs for the year ended June 30, 2023. Humboldt Transit Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Humboldt Transit Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June, 30, 2023.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Humboldt Transit Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Humboldt Transit Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Humboldt Transit Authority's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Humboldt Transit Authority's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Humboldt Transit Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Humboldt Transit Authority's compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Humboldt Transit Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Humboldt Transit Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Anderson, Lucas, Somerville, & Borges*  
**ANDERSON, LUCAS, SOMERVILLE & BORGES LLP**

Fortuna, California  
March 27, 2024





# ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP

## CERTIFIED PUBLIC ACCOUNTANTS

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### INDEPENDENT AUDITORS' 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*

Board of Directors  
Humboldt Transit Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Humboldt Transit Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Humboldt Transit Authority's basic financial statements and have issued our report thereon dated March 27, 2024.

#### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Humboldt Transit Authority's internal control over financial reporting (internal control) as a basis for designing auditing 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 Humboldt Transit Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Humboldt Transit Authority'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 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 were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Humboldt Transit Authority’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**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 of 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.

This report is intended solely for the information and use of management, the Board of Directors others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Lucas, Somerville, & Borges*  
**ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP**

Fortuna, California  
March 27, 2024

**HUMBOLDT TRANSIT AUTHORITY**  
**Schedule of Findings and Questioned Costs**  
For the Year Ended June 30, 2023

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
Major programs are as follows:	
20.509 U.S. Department of Transportation Grants for Other Than Urbanized Areas	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters reported

**SECTION III- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters reported

**HUMBOLDT TRANSIT AUTHORITY**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2023

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>		<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
U.S. Department of Transportation				
Federal Transit Administration				
Passed Through California Department of Transportation				
Division of Rail and Mass Transportation				
Operating Assistance (5311)	20.509		64BA22-02053	\$ 595,422
Operating Assistance (5311F)	20.509		64BA22-02130	300,000
Operating Assistance - (5311F)      CARES ACT	20.509	Covid -19	64KO20-01364	325,092
Operating Assistance                  ARPA	20.509	Covid -19	64TO21-01853	905,000
Emergency Operating                  CRRSAA	20.509	Covid -19	64RO21-01635	1,137,106
Total Expenditures of Federal Awards				<b>\$ 3,262,620</b>

The above schedule of expenditures of federal awards includes the federal grant activity of Humboldt Transit Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**MANAGEMENT LETTER**



# ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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JAMES M. ANDERSON (1964-2001)  
EUGENE B. LUCAS (1950-2013)  
DAVID A. SOMERVILLE, INACTIVE

March 27, 2024

Board of Directors  
Humboldt Transit Authority  
133 V Street  
Eureka, California 95501

Ladies and Gentlemen,

We have audited the financial statements of Humboldt Transit Authority (HTA) for the year ended June 30, 2023 and have issued our report thereon dated March 27, 2024. As part of our audit, we reviewed and tested HTA's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards.

The objective of internal accounting control is to provide reasonable, but not absolute assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect either to the execution and recording of transactions or with respect to estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of HTA's system of internal accounting control for the year ended June 30, 2023 which was made for the purpose set forth in the first paragraph above, would not necessarily disclose all weaknesses in the system. However, we submit, for your consideration, our comments and recommendations on the operating methods, accounting policies and procedures, and other matters which came to our attention during the course of the audit.

### CURRENT YEAR FINDINGS

1. Compliance with TDA Fund Eligibility:

No Excess Operating Funds were received for the year ended June 30, 2023.

In conclusion, we wish to thank the staff of Humboldt Transit Authority for their cooperation and assistance during our audit.

*Anderson, Lucas, Somerville, & Borges*  
ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP