



HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS
Regional Transportation Planning Agency
Humboldt County Local Transportation Authority
Service Authority for Freeway Emergencies
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AGENDA ITEM 4a
HCAOG Board Meeting
June 20, 2024

DATE: June 12, 2024
TO: HCAOG Policy Advisory Committee (PAC)
FROM: Beth Burks, Executive Director
SUBJECT: **Fiscal Year 2022-23 Transportation Development Act Fiscal and Compliance Audits**

STAFF REPORT

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Staff's Recommended Action:

The PAC recommends the HCAOG Board receive and file the Fiscal Year 2022-23 Transportation Development Act Fiscal and Compliance Audits.

Staff Summary:

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

HCAOG contracted with Anderson, Lucas, Somerville and Borges (ALSB), LLP, to complete the TDA fiscal and compliance audits for HCAOG, its member agencies, and the Humboldt Transit Authority. A time extension was requested and approved by the State Controller's Office

allowing until March 31, 2024, to complete and submit all audits. However, due to a delay in preparing HTA and City of Arcata audits, meeting this timeline was not possible. All audits will be sent to the State Controller following the HCAOG Board meeting. Although the audits will be submitted after the extension deadline, the delayed submittal will not cause any financial repercussions for HCAOG or our member agencies.

The audits were performed in accordance with Generally Accepted Auditing Standards by a certified public accountant and include a determination of compliance with TDA rules and regulations.

Overall, HCAOG's net position (difference between total assets and total liabilities) has slightly increased from Fiscal Year Ending June 2022 to 2023. HCAOG continues to be financially healthy. Our unassigned fund balance, which is essentially HCAOG's savings account, is \$649,779 (see page 11 of the HCAOG/RTPA Audit). The unassigned fund balance has accumulated over the years through interest earnings and years where the budget was not fully expended. Having a healthy unassigned fund balance aids in cashflow and payment timing issues. It is especially helpful because some of our major funding sources work on a reimbursement basis.

The HCAOG *Communication with those Charged with Governance and Management Letter* includes prior and current year recommendations. Below is a discussion of HCAOG's approach to resolving these recommendations.

For many years the City of Arcata's Greyhound Bus was partially funded with TDA funds. This is not a TDA fund eligible use. Since 2015 the overall TDA funds that have been used for this purpose total \$136,798 (as of June 30, 2023). HCAOG staff continues to work with the City of Arcata to resolve this issue.

The City of Arcata has received excess operation TDA funds in the amount of \$182,669. This excess fund finding will need to be addressed in the succeeding year's TDA claim. HCAOG will be working with the City of Arcata to address this finding. Solutions may include reducing the succeeding year's TDA claim amount and/or re-identifying the monies for capital purposes.

The Auditor recommended that that HCAOG should consider a more active and forceful implementation of the claimant filing deadline, as the annual deadline of April 1 to file claims is routinely missed. HCAOG has made efforts to convey the importance of timely submittals to our jurisdictions but acknowledge that based on when we get the Local Transportation Fund Estimates (usually February) it can be a very tight turnaround for an April 1 claim filing deadline.

Timely filing of audits, specifically for Humboldt Transit Authority and City of Arcata continue to be a challenge. Each of these agencies has different challenges when it comes to completing the audits in a timely manner and HCAOG continues to work with them to promote timely audit submittals.

Finally, the Auditor noted that the County Auditor-Controller had not been able to provide details on interest allocations as well as the TDA fund revenues and disbursement and that this should be addressed as soon as possible. HCAOG had a meeting and robust follow-up correspondence with the Auditor-Controller in the last couple of months and as a result we have reconciled our fund tracking and been provided sufficient detail to avoid this problem moving forward.