



Board of Supervisors
County of Humboldt
Eureka, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of County of Humboldt as of and for the year ended June 30, 2024, and have issued our report thereon dated November 26, 2025. Our report included an adverse opinion on the omission of the discretely presented component unit and unmodified opinions for all other opinion units. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by County of Humboldt are described in Note 1 to the financial statements.

As described in Note 1, in June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the County's fiscal year ending June 30, 2024 and there is no impact to the financial statements.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the claims liability is based on actuarial reports obtained from third party experts.
- Management's estimate of the net other post-employment benefits (OPEB) liability and related deferred inflows/outflows of resources is based on actuarial valuation reports obtained from third party experts.

- Management's estimate of the net pension liability and the related deferred inflows/outflows of resources is based on actuarial valuation reports obtained from CalPERS.

We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes uncorrected misstatements of the financial statements:

- The County passed on recording the prior period impact of adjustments to capital assets including prior period expenditures not capitalized, projects completed in prior years that should have been accumulating depreciation and aviation department assets included in governmental assets. The net effect is a decrease to expense of \$3,698,207 for Governmental Activities and \$291,625 for Aviation Enterprise Fund. Capital Assets are correctly stated as of June 30, 2024.
- The County passed on recording pollution remediation liability of \$1,544,800 for estimated cost of the pollution obligation. The net effect is an increase to liability of \$1,544,800 and increase to expenses of \$1,544,800.
- The County passed on recording the prior period impact of adjustments to receivables related to the impact of the same adjustment which was passed in the prior year and recorded in the current period. The net effect is a decrease to income of \$50,675 for the Road fund as of June 30, 2024.
- The County passed on a reclassification adjustment of \$618,773 on the Statement of Cash Flows to classified the change in capital related accounts payable as non-operating.
- The County passed on recording an adjustment to reduce receivables and unavailable revenue by \$565,137 in the general fund.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Corrected misstatements

The following material misstatements detected as a result of audit procedures were corrected by management:

- The County recorded duplicate accruals which resulted in an overstatement of accounts receivable and revenue in the County’s financial statements. Specifically, the Road Fund was overstated by \$1,294,985, and the General Fund was overstated by \$3,572,302.
- The County recorded \$600,958 as deferred inflows in the Aviation Enterprise Fund, resulting in an overstatement of deferred inflows and an understatement of revenue. Since Enterprise Funds follow the accrual basis of accounting, revenue should have been recognized when earned, regardless of availability.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors’ report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated November 26, 2025.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the entity’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants. We were informed by management that there were no consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Significant findings or issues that were discussed, or the subject of correspondence, with management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year. The following summarizes the significant findings or issues arising from the audit that were discussed, or the subject of correspondence, with management:

- During our audit, we noted the Fortuna Fire Protection District (District), a discretely presented component unit, excluded the Volunteer Fire Department, a blended component of the district, from its financial statements. We have thus issued an adverse opinion on the presentation of the Fortuna Fire Protection District as it relates to the County.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 26, 2025.

With respect to the combining and individual fund financial statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 26, 2025.

Other information included in annual reports

Other information is being included in documents containing the audited financial statements and the auditors’ report thereon and is comprised of the directory of public officials in the introductory section. Our responsibility for such other information does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in such documents. As required by professional standards, we read the directory of public officials in the introductory section in order to identify material inconsistencies between the audited financial statements and the other information. We did not identify any material inconsistencies between the other information and the audited financial statements.

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This communication is intended solely for the information and use of the Board of Supervisors and management of County of Humboldt and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
November 26, 2025