

AGENDA
KERN COUNCIL OF GOVERNMENTS
March 21, 2024
6:30 P.M.

PRIMARY MEETING LOCATION
TELECONFERENCING AVAILABLE

Kern Council of Governments
Board Room
1401 19th Street, Suite 300
Bakersfield, CA 93301

SECONDARY MEETING LOCATION

Ridgecrest City Hall
Conference Room B
100 W. California Avenue
Ridgecrest, CA 93555

TPPC/Kern COG Board

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DISCLAIMER: This agenda includes the proposed actions and activities, with respect to each agenda item, as of the date of posting. As such, it does not preclude the Committee from taking other actions on items on the agenda which are different or in addition to those recommended.

- I. **ROLL CALL:** Ayon, Couch, Blades, Creighton, Crump, Krier, Prout, Reyna, Scrivner, B. Smith, P. Smith, Trujillo, Vasquez

Congestion Management Agency Ex-Officio Members: Helton, Navarro, Parra, Warney

- II. **PUBLIC COMMENTS:** This portion of the meeting is reserved for persons to address the Council on any matter not on this agenda but under the jurisdiction of the Council. Council members may respond briefly to statements made or questions posed. They may ask a question for clarification; make a referral to staff for factual information or request staff to report back to the Council at a later meeting. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD PRIOR TO MAKING A PRESENTATION.**

Disabled individuals who need special assistance to attend or participate in a meeting of the Kern Council of Governments may request assistance at 1401 19th Street Suite 300: Bakersfield CA 93301 or by calling (661) 635-2900. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials available in alternative formats. Requests for assistance should be made at least three (3) working days in advance whenever possible.

- III. **CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT:** All items on the consent

agenda are considered to be routine and non-controversial by Kern COG staff and will be approved by one motion if no member of the Council or public wishes to comment or ask questions. If comment or discussion is desired by anyone, the item will be removed from the consent agenda and will be considered in the listed sequence with an opportunity for any member of the public to address the Council concerning the item before action is taken. **ROLL CALL VOTE.**

A. **Approval of Minutes – February 15, 2024.** ROLL CALL VOTE.

B. **Concurrence in Actions of TPPC**

C. **Response to Public Comments**

D. **EV Ready Communities Kern County Electric Vehicle Charging Station Blueprint Implementation: Amendment to the Sub-Agreement between Kern COG and Biking for Fun, Inc. dba Bike Bakersfield** (Invina-Jayasiri)

Comment: The Kern Council of Governments (Kern COG) has negotiated an amendment to the Memorandum of Understanding (MOU) with Bike Bakersfield to extend the timeframe for the Electric Bike (eBike) Pilot Program as funded by the California Energy Commission ARV-20-010-01. This item has been reviewed by County Counsel.

Action: Approve the Amendment to Memorandum of Understanding between Kern Council of Governments and Biking for Fun, Inc. dba, Bike Bakersfield; authorize Chair to sign. ROLL CALL VOTE.

E. **FY 2022-23 Kern Council of Governments Financial and Compliance Audit Reports** (Plank)

Comment: Pursuant to California Government Code Section 6505, Kern COG must provide for an annual financial and compliance audit report by a qualified independent auditor. Kern COG retained the firm of Brown Armstrong to render the applicable audit services and issue reports for the year ended June 30, 2023.

Action: Accept and file reports. ROLL CALL VOTE.

F. **Equipment and Materials Disposal** (Heimer)

Comment: Request to dispose of outdated equipment.

Action: Approve inventory list for dissemination and disposal. ROLL CALL VOTE.

G. **Local Clearinghouse:**

Applicant: Adventist Health Medical Center Tehachapi

Address: 1100 Magellan Drive

Tehachapi, CA 93561-1380

Contact: Christine Lollar

Federal Agency: Health Resources and Services Administration

Catalog Number: 93.155

Title: Adventist Health Tehachapi Valley Rural Residency Planning

Federal Funds: \$749,997.00

Total Funds: \$1,061,997.00

Applicant: Shafter Pediatrics

Address: 501 Munzer Street
Shafter, CA 93263-2049
Contact: Ayodeji Ayeni

Federal Agency: US Department of Agriculture
Catalog Number: 10.868
Title: Shafter Pediatrics Solar Energy Upgrade

Federal Funds: \$23,500.00
Total Funds: \$47,000.00

Applicant: Westside Water Authority

Address: 5555 California Avenue
Bakersfield, CA 93309-1648
Contact: Mark Gilkey

Federal Agency: Bureau of Reclamation

Catalog Number: 15.507
Title: Westside Water Authority Advanced Metering Project

Federal Funds: \$500,000.00
Total Funds: \$1,190,736.00

Applicant: City of Wasco

Address: 746 8th Street
Wasco, CA 93280-2010
Contact: Maria Lara

Federal Agency: Community Oriented Policing Services

Catalog Number: 16.710
Title: City of Wasco Police Department Wellness and Mental Health Program

Federal Funds: \$200,000.00
Total Funds: \$200,000.00

***** END CONSENT CALENDAR - ROLL CALL VOTE *****

IV. ELECTION OF OFFICERS (Napier)

Comment: Each year, the Kern Council of Governments (COG) Board of Directors selects a Chairman and a Vice Chairman for the Kern COG Board.

Action: Select a Chairman and a Vice-Chairman for the Kern COG Board of Directors. ROLL CALL VOTE.

V. CONGESTION MANAGEMENT AGENCY: (None)

VI. KERN MOTORIST AID AUTHORITY: (None)

VII. MEETING REPORTS: (None)

VIII. EXECUTIVE DIRECTOR'S REPORT: (Report on Programs and Projects in Progress)

- A. Warrant Register
- B. Timeline

- IX. MEMBER STATEMENTS:** On their own initiative, Council members may make a brief announcement or brief report on their own activities. In addition, Council members may ask a question of staff or the public for clarification on any matter, provide a reference to staff or other resources for factual information, or request staff to report back to the Council at a later meeting concerning any matter. Furthermore, the Council, or any member thereof, may take action to direct staff to place a matter of business on a future agenda.
- X. CLOSED SESSION:** None.
- XI. ADJOURNMENT: NEXT MEETING** – The meeting is adjourned in memory of former Board Member Cherylee Wegman. The next scheduled meeting will be April 18, 2024.

KERN COUNCIL OF GOVERNMENTS

Minutes of the Meeting of February 15, 2024

KERN COG BOARD ROOM
1401 19TH STREET, THIRD FLOOR
BAKERSFIELD, CALIFORNIA

THURSDAY
February 15, 2024
6:30 P.M.

The meeting was called to order by Chairman Smith at 6:59 p.m.

I. ROLL CALL:

Members Present: Ayon, Couch, Bruen Crump, Krier, Creighton, Prout, Reyna, Flores, B. Smith, P. Smith

Congestion Management Agency Ex-Officio Members: Navarro, Parra, Peacock, Warney

Members Absent: Trujillo, Vasquez

Others: Andrae Gonzalez, Marguerite Ritter, Lauren Skidmore, Simran

Staff: Hakimi, Napier Pacheco, Enriquez, Snoddy, Ball, Davisson, Valle, Banuelos, Van Wyk, Romero Valdivia, Invina-Jayasiri (phone), Plank (phone)

- II. PUBLIC COMMENTS:** This portion of the meeting is reserved for persons to address the Council on any matter not on this agenda but under the jurisdiction of the Council. Council members may respond briefly to statements made or questions posed. They may ask a question for clarification; make a referral to staff for factual information or request staff to report back to the Council at a later meeting. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD PRIOR TO MAKING A PRESENTATION.**

Vice Mayor Andrae Gonzales, Bakersfield Ward 2 thanked the Board for their action on TPPC Item IV. E. He thanked Kern COG for their contribution of CMAQ funding for the upgrades to H Street and Chester Avenue that he called “gateways to downtown”.

- III. CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT:** All items on the consent agenda are considered to be routine and non-controversial by Kern COG staff and will be approved by one motion if no member of the Council or public wishes to comment or ask questions. If comment or discussion is desired by anyone, the item will be removed from the consent agenda and will be considered in the listed sequence with an opportunity for any member of the public to address the Council concerning the item before action is taken. **ROLL CALL VOTE.**

A. Approval of Minutes – January 18, 2024

B. Concurrence in Actions of TPPC

C. Response to Public Comments

D. Kern Area Regional Goods-Movement Operations (KARGO) Climate-Change Adaptation Mitigation Study (C-CAMS) Consultant Contract Approval (Davisson)

Action: Approve the consultant selection of Mark Thomas to develop the Kern Area Regional Goods-Movement Operations (KARGO) Climate-Change Adaptation Mitigation Study (C-CAMS) and authorize Chair to sign the contract. **ROLL CALL VOTE.**

E. Local Clearinghouse:

Applicant: Carlos Herrera D.B.A. Regulus Solutions

Address: 12317 Champlin Place

Bakersfield, CA 93311-8406

Contact: Carlos Scinta Herrera

Federal Agency: United States Department of Agriculture (USDA)

Catalog Number: 10.618

Title: 2024 Regional Agricultural Promotion Program

Federal Funds: \$750,000.00

Total Funds: \$850,000.00

***** END CONSENT CALENDAR - ROLL CALL VOTE *****

MOTION BY DIRECTOR COUCH TO APPROVE CONSENT AGENDA ITEMS A THROUGH E, SECOND BY DIRECTOR P. SMITH, MOTION CARRIED WITH A UNANIMOUS ROLL CALL VOTE.

IV. STAFF REFERRAL: KERN SELF-HELP TRANSPORTATION FUNDING MEASURE (Ball)

Comment: In response to a board member referral at the January Kern COG Board meeting, staff prepared a report on a Kern countywide voter-approved Self-Help transportation funding ballot measure. Three options were presented: (1) The first approach would be to conduct a six-month low budget campaign leveraging the 2022 outreach from our Regional Transportation Plan. (2) Conduct a two-year campaign, a more traditional campaign, as performed in 2006 and 2016. (3) Other.

Discussion: Members of the Board discussed the following:

- The issues created by the three initiatives currently on the 2024 ballot. The first would lower the two thirds vote for special taxes, such as a transportation measure, down to 55%. The second would raise the 50% threshold for general taxes up to 2/3rds and the third would require the second initiative to pass with a 2/3rds vote.
- Need for the private sector support to be in place in advance to provide funding and an advocacy campaign for a measure. Government funds can only be used for education.
- Potential need for an Environmental Impact Report on the project list unless you the 2022 Regional Transportation Plan project list is used.
- Potential to require every city council to adopt comparable transportation impact fees so everyone is on par with each other, and resolutions supporting placing a sales tax measure on the ballot.

Action: Chairman B. Smith made a motion to continue discussions on Approach (2), reach out to the community to see if there is a group that would advocate for a measure, potentially look at 2026 as an opportunity; seconded by Director Flores, motion carried by the following roll call vote:

Ayes: P. Smith, B. Smith, Flores, Reyna, Prout, Creighton, Krier, Crump, Bruen, Couch

Noes: Ayon

Absent: Trujillo, Vasquez

V. CONGESTION MANAGEMENT AGENCY: (None)

VI. KERN MOTORIST AID AUTHORITY: (None)

VII. MEETING REPORTS: (None)

VIII. EXECUTIVE DIRECTOR'S REPORT:

Executive Director made the following comments:

- Form 700s are due April 2, 2024 – please forward to Ms. Napier
- 2023 Kern Regional Awards – Thursday, March 7 (Reservations are closed)
- March 13-14 – Valley Voice Sacramento
- April 29 – May 1 – San Joaquin Valley Policy Conference – Visalia Convention Center

IX. MEMBER STATEMENTS:

None.

X. CLOSED SESSION:

None.

XI. **ADJOURNMENT:** Seeing no other comments, the meeting adjourned at 7:32 p.m. **NEXT MEETING – MARCH 21, 2024.**

Respectfully submitted,

ATTEST:

Ahron Hakimi, Executive Director

Bob Smith, Chairman

DATE: _____

To: Kern Council of Governments

From: Mayor Saul Ayon, City of McFarland

Subject: Proposal for Implementing a Countywide Transportation Sales Tax in Kern County

Date: January 18, 2024

Introduction

As Mayor of McFarland, I propose the implementation of a half-cent sales tax in Kern County, akin to the measures in 24 self-help counties across California. This initiative is pivotal for generating funds for vital transportation projects, benefiting both our smaller communities and larger cities throughout Kern County.

Rationale for a Transportation Sales Tax

1. **Consistent and Predictable Revenue:** A half-cent sales tax will provide cities with a reliable source of revenue to repair local streets, thus addressing some of our most pressing infrastructure needs.
2. **Matching Funds for State and Federal Projects:** This tax will also enable Kern County to provide necessary matching funds for state and federal transportation projects, enhancing our ability to secure and leverage additional funding sources.
3. **Model of Success in Tulare County:** To our north, Tulare County's Measure R dedicates 50% of its revenue to regional projects, 35% to local projects, and 15% to bike, transit, and environmental projects. Their measure has funded significant improvements along Highway 99, including 13 widenings, 4 interchanges, and 3 bridges.
4. **Current Challenges in Kern County:** In contrast, Kern County, particularly in areas like Delano, McFarland, and unincorporated regions, faces challenges with interchanges not meeting current standards and struggling to keep up with growth. This situation is mirrored in East Kern and other areas along state highways.

The Self-Help Counties Coalition (SHCC) Model

1. **Stable and Reliable Funding:** The SHCC model, currently adopted by 24 counties, illustrates the success of local sales tax measures in funding transportation projects. These counties are projected to fund approximately \$194 billion in transportation infrastructure, showcasing the effectiveness of such initiatives.
2. **Accountability and Local Involvement:** The SHCC offers a framework for accountability and public participation, ensuring that funds are used effectively and transparently.

Anticipated Benefits

1. **Job Creation and Economic Boost:** The introduction of a local sales tax for transportation will lead to job creation and an economic boost. Funds will be injected back into the local economy, supporting businesses and attracting new investment.

2. **Community Vitality and Inclusivity:** Reinvesting local tax dollars into transportation projects will enhance community vitality. This approach ensures that projects cater to the needs of people at all income levels, supporting transit-oriented development and public transit services.

Conclusion and Recommendation

The proposed half-cent sales tax in Kern County will not only address immediate infrastructure challenges but will also lay the groundwork for sustainable economic growth and community development. This measure will particularly benefit our smaller cities and disadvantaged communities, ensuring equitable progress across the county.

I strongly urge the Kern Council of Governments to support this proposal and to assist in advancing this initiative to a ballot for voter consideration.

Mayor Saul Ayon
City of McFarland

March 21, 2024

TO: Kern Council of Governments Board

FROM: Ahron Hakimi,
Executive Director

By: Rochelle Invina-Jayasiri, Regional Planner
Irene Enriquez, Regional Planner

SUBJECT: KERN COUNCIL OF GOVERNMENTS CONSENT AGENDA ITEM: III. D.
EV Ready Communities Kern County Electric Vehicle Charging Station Blueprint
Implementation: Amendment to the Sub-Agreement between Kern COG and Biking for
Fun, Inc. dba Bike Bakersfield

DESCRIPTION:

The Kern Council of Governments (Kern COG) has negotiated an amendment to the Memorandum of Understanding (MOU) with Bike Bakersfield to extend the timeframe for the Electric Bike (eBike) Pilot Program as funded by the California Energy Commission ARV-20-010-01. This item has been reviewed by County Counsel.

DISCUSSION:

Kern COG seeks to increase active bicycle transportation through a program that raises confidence in cyclists and improves safety along bike routes in Kern County's Disadvantaged Communities (DACs) as defined by CalEnviroScreen 3.0.

The California Energy Commission awarded an EV Ready Communities grant to Kern COG (Agreement ARV-20-010-01) which includes a task for an electric bike pilot project. The budgeted amount is \$21,600 for the purchase of eBikes and the deliverable is a Summary Report. When the CEC awarded funding, Bike Bakersfield subsequently entered into an MOU with Kern COG on January 19, 2023. During the course of the program, Bike Bakersfield has encountered several challenges with eBike vendors responding to technical issues.

Kern COG and Bike Bakersfield agreed that the term of the MOU would need to be extended retroactively from February 13, 2024, to June 28, 2025. Under the amendment to the MOU, there are no changes to the scope of work. The Schedule of Projects (Exhibit B) has been revised to complete administrative reporting requirements, and to purchase all six (6) eBikes needed to deliver the project. Staff requests that the amendment be approved.

ACTION: Approve the Amendment to Memorandum of Understanding between Kern Council of Governments and Biking for Fun, Inc. dba, Bike Bakersfield; authorize Chair to sign. ROLL CALL VOTE.

AMENDMENT No. 1 TO MEMORANDUM OF UNDERSTANDING
BETWEEN
KERN COUNCIL OF GOVERNMENTS
AND
BIKING FOR FUN, INC. DBA BIKE BAKERSFIELD

THIS AMENDMENT (hereinafter “Amendment No. 1”) TO CONTRACT, for reference purposes is made effective as of February 13, 2024 (“Effective Date”) by and between the Kern Council of Governments (hereinafter “KERN COG”) and Biking for Fun, Inc. dba Bike Bakersfield (hereinafter “CONSULTANT”).

RECITALS:

WHEREAS, KERN COG and CONSULTANT entered into a Memorandum of Understanding (“MOU”) dated January 19, 2023; and

WHEREAS, the parties wish to amend the MOU as specified herein.

AGREEMENT:

1. The Term of the MOU shall be extended through June 28, 2025.
2. Exhibit B to the MOU is replaced with Exhibit B – Amendment No. 1 attached hereto.
3. Except as expressly amended herein, all provisions of the MOU shall remain in force and effect.

IN WITNESS WHEREOF, this Amendment Number 1 to the MOU shall be effective as of the Effective Date.

KERN COUNCIL OF GOVERNMENTS

BIKING FOR FUN, INC.

Ahron Hakimi, Executive Director
“Kern COG”

Glenn Hammett, President
“CONSULTANT”

Bob Smith, Chair
“Kern COG”

APPROVED AS TO FORM

Brian Van Wyk, Deputy
County Counsel

EXHIBIT B – Amendment No. 1
Schedule of Products and Due Dates
Bike Bakersfield

<i>Task Number</i>	<i>Task Name</i>	<i>Product(s)</i>	<i>Subcontractor to Kern COG Due Date</i>	<i>Kern COG to CEC Due Date</i>
1.1	Attend Kick-off Meeting			
		Updated Schedule of Products	8/08/2022	8/10/2022
		Kick-Off Meeting Agenda (Kern COG)	1/26/2023	2/10/2023
1.2	Critical Project Review Meetings			
		1st CPR Meeting	TBD	12/20/2022
		Written determination (CEC)	N/A	1/5/2023
1.3	Final Meeting			
		Written documentation of meeting agreements	TBD	8/29/2024
		Schedule for completing closeout activities	N/A	9/27/2024
1.4	Quarterly Progress Reports	Quarterly Progress Reports	The eighth day of each month following the end of a calendar quarter during the approved term of this Agreement.	The 10th calendar day of each month during the approved term of this Agreement
1.6	Identify and Obtain Match Funds			
		A letter regarding identified program funding to carry out the e-Bike Pilot	04/08/2023 with Quarterly Report	4/10/2023
		Letter that match funds were reduced (if applicable)	Within 10 days of identifying reduced funds	Within 10 days of identifying reduced funds
1.7	Obtain Permits, if applicable			
1.8	Obtain and Execute Subcontracts			
		Letter describing the subcontracts needed, or stating that no subcontracts are required	30 days prior to first day of construction	5/19/2024 10/10/2022
		Draft subcontracts, if needed	15 days prior to the scheduled execution date	15 days prior to the scheduled execution date
		Final subcontracts, if needed	Within 10 days of the execution	Within 10 days of the execution
2	E-Bike Pilot			
		Purchase a minimum of six (6) eBikes and eBike Pilot description	Order within 35 days of the execution of the agreement 2/23/2023; Bikes arrive by 4/12/2023	With the monthly report following the purchase of the eBikes

Outreach Materials, Surveys	4/12/2023 May 1, 2023	With the monthly report following the purchase of the eBikes
Workshop and Stakeholder Presentations Completed	10/10/2023 November 1, 2024	With the monthly report following the purchase of the eBikes
Summary E-Bike Report DRAFT	10/31/2023 December 30, 2024	11/10/2023 January 13, 2025
Summary E-Bike Report FINAL	11/30/2023 February 14, 2025	12/10/2023 March 10, 2025



III. E. TPPC

March 21, 2024

TO: Kern Council of Governments

FROM: Ahron Hakimi,
Executive Director

BY: Becky Napier, Deputy Director – Administration
Sarah Plank, Financial Services Officer

SUBJECT: Kern Council of Governments Consent Agenda Item: III. E.
FY 2022-23 KERN COUNCIL OF GOVERNMENTS FINANCIAL AND COMPLIANCE AUDIT REPORTS

DESCRIPTION:

Pursuant to California Government Code Section 6505, Kern COG must provide for an annual financial and compliance audit report by a qualified independent auditor. Kern COG retained the firm of Brown Armstrong to render the applicable audit services and issue reports for the year ended June 30, 2023.

DISCUSSION:

Staff has received the final draft of the Kern COG Comprehensive Annual Financial Reports for the fiscal year ended June 30, 2023. This unqualified audit identified no material weaknesses or recommendations.

This financial and compliance audit report covers the transactions recorded in the following funds and account groups:

<u>FUND</u>	<u>DESCRIPTION</u>
Kern COG Special Revenue Fund (#42905)	Records the majority of Kern COG's financial activity, including federal, state and local revenues, expenditures and budget versus actual comparisons.
Kern COG State Subvention Fund (#29020)	Records the original transactions involving Caltrans planning and commute assistance subventions. These funds are ultimately transferred to the Special Revenue Fund to reimburse eligible allocated costs.
KMAA Enterprise Fund (#42900)	Records the financial activity of the Kern Motorist Aid Authority, including DMV fee revenues and call box system operating expenses.
Local Transportation Fund (#24075)	Records the financial activity of Kern COG serving in a custodial or fiduciary capacity as prescribed by Article 3 of the Transportation Development Act, including sales tax revenues and claim disbursements.

State Transit Assistance Fund (#24076)

Records the financial activity of Kern COG serving in a custodial or fiduciary capacity as prescribed by Article 6.5 of the Transportation Development Act, including state revenues and claim disbursements.

State of Good Repair Fund (#24082)

Records the financial activity of Kern COG serving in a custodial or fiduciary capacity as prescribed by Sections 99313 & 99314 of the Public Utilities Code, including state revenues and claim disbursements.

Regional Early Action Planning Fund (#42906)

Records the financial activity of Kern COG for planning activities related to the regional housing need assessment as prescribed in Section 50515.02, subdivision (a), of the Health and Safety Code.

Public Transportation Modernization,
Improvement and Service Enhancement
Account Program (*PTMISEA*) (#42908)

Records Kern COG's financial activity in its custodial or fiduciary capacity as prescribed by Government Code, Chapter 12.49, Section 8879.20, including Proposition 1B revenues and public transit project disbursements.

California Transit Security Grant
Program (*CTSGP*) (#42929)

Records Kern COG's financial activity in its custodial or fiduciary capacity as prescribed by Government Code, Chapter 12.49, Section 8879.23, including Proposition 1B revenues for mobility, safety, and air quality improvements.

The audit report has been issued as required.

ACTION: Accept and file reports. ROLL CALL VOTE.

To the Board of Directors
Kern Council Governments
Bakersfield, California

We have audited the financial statements of the governmental activities, the business type activities, and each major fund of the Kern Council of Governments (the Council) for the fiscal year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 7, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Council are described in Note 1 to the financial statements. During the fiscal year ended June 30, 2023, the Council adopted Governmental Accounting Standards Board (GASB) Statement No. 91 – *Conduit Debt Obligations*, GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99 – *Omnibus 2022*. These GASB statements do not impact the financial statements or disclosures of the Council as the Council does not have the types of transactions covered by these standards. We noted no transactions entered into by the Council during the fiscal 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 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 Council's financial statements were:

Estimates of Useful Lives of Capital Assets – Management estimates the useful lives of its capital assets for purposes of calculating annual depreciation expense to be reported in the Council's results of operations. Estimated useful lives are three years for the office furniture and equipment and ten years for call boxes.

Estimates of actuary and assumptions used to determine the pension liability pursuant to GASB Statement No. 68 and other postemployment benefits (OPEB) liability pursuant to GASB Statement No. 75.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Note 9 – Pension Plan

Note 10 – Postemployment Benefits Other than Pensions (OPEB)

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.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. See attached schedule for adjusted journal entries as a result of our procedures.

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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 7, 2024.

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 Council's financial statements or a determination of the type of auditor's 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.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to required supplementary information (RSI) as listed in the table of contents of our audit report, which is information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information as listed in the table of contents, which accompanies the financial statements but is not RSI. With respect to this supplementary information, 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, 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.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Council and is not intended to be, used by anyone other than these specified parties

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
March 7, 2024

Kern Council of Governments
Journal Entries Report
June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To adjust PY ending equity to agree to CY beginning balances			
42900-0735-00-00000	Accumulated Depreciation	2,790,308.00	
42900-2380-00-00000	Retained Earnings	270,801.00	
42905-2350-99-00000	Fund Balance Available	37,424.00	
42906-2350-00-00000	Fund Balance Available	1,001,370.00	
42900-0730-00-00000	Equipment		3,061,109.00
42905-0261-99-00000	Due From Other Funds -- SSF		1,085.00
42905-6110-99-00000	Salaries & Wages/Regular		36,339.00
42906-0285-00-00000	Due From Other Agencies		252,141.00
42906-1500-00-00000	Deferred Revenue - REAP Grant		749,229.00
Total		4,099,903.00	4,099,903.00
Adjusting Journal Entries JE # 2			
To re-class 22/23 entries posted directly to fund balance.			
42905-6510-99-00000	Employee Medical Insurance-Hlth/Dent/Vis	10,452.00	
42905-6900-99-99999	Insurance	1,772.00	
42905-7500-88-06012	Professional Services	5,744.00	
42905-1010-99-00000	Vouchers Payable		196.00
42905-2350-99-00000	Fund Balance Available		7,522.00
42905-5370-99-00000	Sales/Others		10,250.00
Total		17,968.00	17,968.00
Adjusting Journal Entries JE # 3			
To record Q4 Sales & Uses tax in fiscal year ended 6/30/23			
24082-0285-00-00000	Due From Other Agencies	254,176.00	
24082-3055-01-00000	Sales & Uses Tax/Arvin		254,176.00
Total		254,176.00	254,176.00
Adjusting Journal Entries JE # 4			
To record fiscal year Q4 STA Sales & Uses Tax			
24076-0285-00-00000	Due From Other Agencies	3,293,915.00	
24076-3055-01-00000	Sales & Uses Tax/Arvin		3,293,915.00
Total		3,293,915.00	3,293,915.00
Adjusting Journal Entries JE # 5			
To book CY depreciation expense			
42900-7990-00-00000	Depreciation	18,544.00	
42900-0735-00-00000	Accumulated Depreciation		18,544.00
Total		18,544.00	18,544.00

Adjusting Journal Entries JE # 6

To accrue interest receivable per County records.

24075-0201-00-00000	Interest Receivable	1,068,702.00	
24076-0201-00-00000	Interest Receivable	158,606.00	
42900-0201-00-00000	Interest Receivable	19,549.00	
24075-3605-14-00000	Interest/KCOG Planning		1,068,702.00
24076-3605-01-00000	Interest/Arvin		158,606.00
42900-3605-00-00000	Interest		19,549.00
Total		<u>1,246,857.00</u>	<u>1,246,857.00</u>

Adjusting Journal Entries JE # 7

To reclass leases to debt service principal and interest in accordance with GASB 87.

42905-L-34-0845	Debt Service - Principal	142,113.00	
42905-L-34-0850	Debt Service - Interest	399.00	
42905-7650-99-99999	Rents & Leases/Structures		142,512.00
Total		<u>142,512.00</u>	<u>142,512.00</u>

Adjusting Journal Entries JE # 8

To adjust payroll payable to actual.

42905-1020-99-00000	Salaries & Wages Payable	30,548.00	
42905-6110-99-00000	Salaries & Wages/Regular		30,548.00
Total		<u>30,548.00</u>	<u>30,548.00</u>

KERN COUNCIL OF GOVERNMENTS

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

**KERN COUNCIL OF GOVERNMENTS
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kern Council of Governments
Bakersfield, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Kern Council of Governments (the Council), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Council'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 governmental activities, the business-type activities, and each major fund of the Council as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America 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 the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council'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, Budgetary Comparison Information, Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of the Proportionate Share of the Net Pension Liability, and Schedule of Contributions – Pension, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying 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*, is 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 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 supplementary information and the Schedule of Expenditures of Federal Awards 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 7, 2024, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council'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 the Council's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
March 7, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**KERN COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The discussion and analysis of the financial performance of the Kern Council of Governments (the Council) provides an overview of the Council's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Council's financial performance as a whole. Users of these financial statements should read this discussion and analysis in conjunction with the Council's basic financial statements following this section to enhance their understanding of the Council's financial performance.

Financial Highlights

- The liabilities and deferred inflows of resources of the Council exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$2,439,036 (*net position deficit*). Of this amount, \$(2,745,885) (*unrestricted net position*) may be used to meet the Council's ongoing obligations to citizens and creditors.
- The Council's total net position decreased by \$59,719. This net decrease is mostly attributable to the governmental activities in the Planning and Administration Fund.
- As of June 30, 2023, the Council's governmental funds reported combined ending fund balances (deficit) of \$(2,338,017). Of this amount, \$(2,396,859) is unassigned fund balance (deficit) and \$58,842 is nonspendable.
- As of June 30, 2023, unassigned fund balance (deficit) for the Planning and Administration Fund was \$(1,948,801).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Council's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The Statement of Activities presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event takes place regardless of when cash is received or paid. Thus, certain revenues and expenses reported in this statement will only result in cash inflows and outflows in future fiscal years.

Both of the government-wide financial statements distinguish functions of the Council that are primarily financed with intergovernmental revenues (governmental activities) and those that are intended to recover all or a significant portion of their costs through user fees and charges for services (business-type activities). The Council's governmental activity is transportation planning and administration. The business-type activity of the Council includes public safety – call boxes.

The government-wide financial statements are presented on pages 9 - 10.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the Council's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for activities that are similar in nature to the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating the Council's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This will allow readers to get a better understanding of the long-term impact of the Council's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances (deficit) provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Council maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances (deficit) for each of the major funds.

The Council adopted an annual appropriated budget for the Planning and Administration Fund. A budgetary comparison schedule has been provided for this major governmental fund to demonstrate compliance with this budget.

The governmental fund financial statements are presented on pages 11 - 14 of this report.

Proprietary Funds. The Council maintains only one type of proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Council uses an enterprise fund to account for the Kern Motorist Aid Authority.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Kern Motorist Aid Authority, which is considered to be a major fund of the Council.

The proprietary fund financial statements are presented on pages 15 - 17 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Council. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements are presented on pages 18 - 19 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements are presented on pages 20 - 42 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Council, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,439,036 at the close of the current fiscal year.

KERN COUNCIL OF GOVERNMENTS NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 3,768,465	\$ 3,374,760	\$ 2,698,674	\$ 2,632,724	\$ 6,467,139	\$ 6,007,484
Capital assets, net	207,950	325,362	98,899	117,442	306,849	442,804
Total assets	3,976,415	3,700,122	2,797,573	2,750,166	6,773,988	6,450,288
Deferred outflows of resources	2,279,348	1,426,006	-	-	2,279,348	1,426,006
Current liabilities	1,076,971	5,971,196	32,636	234,370	1,109,607	6,205,566
Noncurrent liabilities	10,041,431	2,887,354	-	-	10,041,431	2,887,354
Total liabilities	11,118,402	8,858,550	32,636	234,370	11,151,038	9,092,920
Deferred inflows of resources	341,334	1,162,691	-	-	341,334	1,162,691
Net position (deficit)						
Net investment in capital assets	207,950	325,362	98,899	117,442	306,849	442,804
Unrestricted	(5,411,923)	(5,220,475)	2,666,038	2,398,354	(2,745,885)	(2,822,121)
Total net position (deficit)	\$ (5,203,973)	\$ (4,895,113)	\$ 2,764,937	\$ 2,515,796	\$ (2,439,036)	\$ (2,379,317)

A portion of the Council's net position, \$306,849, reflects its investment in capital assets. The Council uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

In the 2023 financial statements, the Council recorded transfers for the State Subvention Special Revenue Fund, the Kern Motorist Aid Authority Fund, Regional Early Action Planning Fund, and the Local Transportation Fund, and credited transfers within the Planning and Administration Fund.

**KERN COUNCIL OF GOVERNMENTS
CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues						
Charges for services	\$ -	\$ -	\$ 781,412	\$ 786,900	\$ 781,412	\$ 786,900
Operating grants and contributions	4,342,030	3,219,164	-	-	4,342,030	3,219,164
General revenues						
Investment income	29,225	23,539	64,846	23,902	94,071	47,441
Miscellaneous	308,600	666,404	-	-	308,600	666,404
Transfers - interfund	74,834	43,957	(74,834)	(43,957)	-	-
Transfers from Custodial Funds	969,192	1,301,490	-	-	969,192	1,301,490
Total revenues	5,723,881	5,254,554	771,424	766,845	6,495,305	6,021,399
Expenses						
Transportation planning	6,032,741	4,533,751	-	-	6,032,741	4,533,751
Public safety - call boxes	-	-	522,283	531,042	522,283	531,042
Total expenses	6,032,741	4,533,751	522,283	531,042	6,555,024	5,064,793
Changes in net position	(308,860)	720,803	249,141	235,803	(59,719)	956,606
Net position - July 1	(4,895,113)	(5,615,916)	2,515,796	2,279,993	(2,379,317)	(3,335,923)
Net position - June 30	\$ (5,203,973)	\$ (4,895,113)	\$ 2,764,937	\$ 2,515,796	\$ (2,439,036)	\$ (2,379,317)

Governmental Activities. Governmental activities decreased the Council's net position by \$308,860. The key element of this decrease is the impact between revenues and expenses.

Business-Type Activities. Business-type activities increased the Council's net position by \$249,141. The key element of this increase is the impact between revenues and expenses.

Financial Analysis of Governmental Funds

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the Council's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Council's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the Council's governmental funds reported combined ending fund balances (deficit) of \$(2,338,017).

The Planning and Administration Fund is the Council's chief operating fund. As of June 30, 2023, unassigned fund balance (deficit) of the Planning and Administration Fund was \$(1,948,801), while total fund balance (deficit) reached \$(1,889,959).

The fund balance of the Council's Planning and Administration Fund increased by \$111,797 during the fiscal year ended June 30, 2023.

Proprietary Funds. The Council's enterprise fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Kern Motorist Aid Authority Enterprise Fund at the end of the year amounted to \$2,666,038. The total increase in net position for the Kern Motorist Aid Authority Fund was \$249,141. Other factors concerning the finances of this fund have already been addressed in the discussion of the Council business-type activities.

Planning and Administration Fund Budgetary Highlights

The difference between the original budget and the final amended budget amounted to an increase in appropriations of \$304,384, which was related primarily to professional services.

Of the \$337,781 increase in revenues, federal sources increased by \$276,819, state sources increased by \$23,658, and an increase in other sources by \$37,304. Actual expenditures were less than budgetary estimates due to the reduction in consultant contracts, therefore, revenues were also proportionally lower than budgetary estimates.

Capital Assets

The Council's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounted to \$306,849 (net of accumulated depreciation/amortization).

KERN COUNCIL OF GOVERNMENTS CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Office furniture	\$ 25,398	\$ 25,398	\$ -	\$ -	\$ 25,398	\$ 25,398
Office equipment	78,143	78,143	-	-	78,143	78,143
Computer equipment	716,140	660,827	-	-	716,140	660,827
Software	60,404	60,404	-	-	60,404	60,404
Traffic counters	10,833	10,833	-	-	10,833	10,833
Right-to-use leased asset	430,531	430,531	-	-	430,531	430,531
Message boards	-	-	185,435	185,435	185,435	185,435
Less accumulated depreciation/amortization	(1,113,499)	(940,774)	(86,536)	(67,993)	(1,200,035)	(1,008,767)
Total capital assets, net	<u>\$ 207,950</u>	<u>\$ 325,362</u>	<u>\$ 98,899</u>	<u>\$ 117,442</u>	<u>\$ 306,849</u>	<u>\$ 442,804</u>

With the authorization of the Fixing America's Surface Transportation (FAST) Act, the Council continues to carry out various highway, transit, bike, and pedestrian programs and policies. With the increases realized in the California Department of Transportation's Senate Bill (SB) 1 funds, the Council will take the opportunity to advance the State's priorities of fixing roads and highways as well as transit and safety.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mr. Ahron Hakimi, Kern Council of Governments Executive Director, 1401 19th Street, Suite 300, Bakersfield, California 93301, and (661) 861-2191.

BASIC FINANCIAL STATEMENTS

**KERN COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,520,886	\$ 2,915,330	\$ 4,436,216
Due from Other Governments	1,952,532	19,549	1,972,081
Internal Balances	236,205	(236,205)	-
Prepays	58,842	-	58,842
Capital Assets (Net of Accumulated Depreciation/Amortization)	207,950	98,899	306,849
TOTAL ASSETS	3,976,415	2,797,573	6,773,988
DEFERRED OUTFLOWS OF RESOURCES			
OPEB	66,522	-	66,522
Pension	2,212,826	-	2,212,826
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,279,348	-	2,279,348
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,255,763	\$ 2,797,573	\$ 9,053,336
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 347,827	\$ 32,636	\$ 380,463
Salaries Payable	91,260	-	91,260
Unearned Revenue	491,367	-	491,367
Lease Liability, Current	146,517	-	146,517
Advances from Fiduciary Funds	5,176,028	-	5,176,028
Net Pension Liability	2,965,997	-	2,965,997
Net OPEB Liability	1,467,302	-	1,467,302
Compensated Absences	432,104	-	432,104
TOTAL LIABILITIES	11,118,402	32,636	11,151,038
DEFERRED INFLOWS OF RESOURCES			
OPEB	239,823	-	239,823
Pension	101,511	-	101,511
TOTAL DEFERRED INFLOWS OF RESOURCES	341,334	-	341,334
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	207,950	98,899	306,849
Unrestricted	(5,411,923)	2,666,038	(2,745,885)
TOTAL NET POSITION (DEFICIT)	(5,203,973)	2,764,937	(2,439,036)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	\$ 6,255,763	\$ 2,797,573	\$ 9,053,336

The accompanying notes are an integral part of these financial statements.

**KERN COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT						
GOVERNMENTAL ACTIVITIES:						
Transportation Planning	\$ 6,032,741	\$ -	\$ 4,342,030	\$ (1,690,711)	\$ -	\$ (1,690,711)
BUSINESS-TYPE ACTIVITIES:						
Public Safety - Call Boxes	522,283	781,412	-	-	259,129	259,129
Total	<u>\$ 6,555,024</u>	<u>\$ 781,412</u>	<u>\$ 4,342,030</u>	(1,690,711)	259,129	(1,431,582)
GENERAL REVENUES:						
	Investment Income			29,225	64,846	94,071
	Miscellaneous			308,600	-	308,600
	Transfers from Custodial Funds			969,192	-	969,192
	Transfers - Interfund			74,834	(74,834)	-
	Total General Revenues			1,381,851	(9,988)	1,371,863
	Change in Net Position			(308,860)	249,141	(59,719)
	Net Position - Beginning, as Restated			(4,895,113)	2,515,796	(2,379,317)
	Net Position - Ending			\$ (5,203,973)	\$ 2,764,937	\$ (2,439,036)

The accompanying notes are an integral part of these financial statements.

**KERN COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Planning and Administration	State Subvention	Regional Early Action Planning	California Transit Security Grant Program	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 555,567	\$ 451,063	\$ 514,158	\$ 98	\$ 1,520,886
Intergovernmental Receivable	1,798,461	109,972	44,099	-	1,952,532
Due from Other Funds	1,302,286	-	-	-	1,302,286
Prepaid Expense	58,842	-	-	-	58,842
Total Assets	<u>\$ 3,715,156</u>	<u>\$ 561,035</u>	<u>\$ 558,257</u>	<u>\$ 98</u>	<u>\$ 4,834,546</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 337,827	\$ -	\$ 10,000	\$ -	\$ 347,827
Due to Other Funds	-	567,850	498,231	-	1,066,081
Salaries Payable	91,260	-	-	-	91,260
Advances from other funds	5,176,028	-	-	-	5,176,028
Unearned Revenue	-	-	491,367	-	491,367
Total Liabilities	<u>5,605,115</u>	<u>567,850</u>	<u>999,598</u>	<u>-</u>	<u>7,172,563</u>
Fund Balances (Deficit):					
Nonspendable	58,842	-	-	-	58,842
Unassigned	(1,948,801)	(6,815)	(441,341)	98	(2,396,859)
Total Fund Balances (Deficit)	<u>(1,889,959)</u>	<u>(6,815)</u>	<u>(441,341)</u>	<u>98</u>	<u>(2,338,017)</u>
Total Liabilities and Fund Balances (Deficit)	<u>\$ 3,715,156</u>	<u>\$ 561,035</u>	<u>\$ 558,257</u>	<u>\$ 98</u>	<u>\$ 4,834,546</u>

The accompanying notes are an integral part of these financial statements.

**KERN COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Fund Balances (Deficit) - Total Governmental Funds **\$ (2,338,017)**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital Assets: In Governmental Funds, only current assets are reported. In the Statement of Net Position, all assets are reported, including capital assets and accumulated depreciation/amortization.

Capital Assets at Historical Cost	\$ 1,321,449	
Accumulated Depreciation/Amortization	<u>(1,113,499)</u>	207,950

Deferred inflows of resources and deferred outflows of resources: Deferred outflows of resources are not current assets or financial resources and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.

Deferred Outflows of Resources - Pension	2,212,826	
Deferred Outflows of Resources - OPEB	66,522	
Deferred Inflows of Resources - Pension	(101,511)	
Deferred Inflows of Resources - OPEB	<u>(239,823)</u>	1,938,014

Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:

Net Pension Liability		(2,965,997)
Net OPEB Liability		(1,467,302)
Lease Liability		(146,517)
Compensated Absences		<u>(432,104)</u>

Net Position of Governmental Activities **\$ (5,203,973)**

The accompanying notes are an integral part of these financial statements.

**KERN COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Planning and Administration	State Subvention	Regional Early Action Planning	California Transit Security Grant Program	Total Governmental Funds
REVENUES					
Federal	\$ 3,192,839	\$ -	\$ -	\$ -	\$ 3,192,839
State	578,971	268,259	301,961	-	1,149,191
Local	308,600	-	-	-	308,600
Interest	12,177	4,507	12,540	1	29,225
Total Revenues	4,092,587	272,766	314,501	1	4,679,855
EXPENDITURES					
Transportation Planning and Administration:					
Professional Services	1,243,218	-	270,401	-	1,513,619
Salaries and Wages	2,110,395	-	-	-	2,110,395
Employee Benefits	1,489,069	-	-	-	1,489,069
Rents and Leases	13,396	-	-	-	13,396
Transportation and Travel	46,237	-	-	-	46,237
Data Processing	90,454	-	-	-	90,454
Office	44,035	-	-	-	44,035
Insurance	31,059	-	-	-	31,059
Debt Service - Lease Principal	142,113	-	-	-	142,113
Debt Service - Lease Interest	399	-	-	-	399
Capital Outlay	55,313	-	-	-	55,313
Mileage Reimbursement	4,974	-	-	-	4,974
Memberships	1,754	-	-	-	1,754
Publications and Notices	23,469	-	-	-	23,469
Communications	18,777	-	-	-	18,777
Maintenance	20,312	-	-	-	20,312
Training and Development	2,200	-	-	-	2,200
Total Expenditures	5,337,174	-	270,401	-	5,607,575
Excess (Deficiency) of Revenues over (under) Expenditures	(1,244,587)	272,766	44,100	1	(927,720)
OTHER FINANCING SOURCES (USES)					
Transfers In	1,356,384	-	-	-	1,356,384
Transfers Out	-	(268,259)	(44,099)	-	(312,358)
Total Other Financing Sources (Uses)	1,356,384	(268,259)	(44,099)	-	1,044,026
Net Change in Fund Balances (Deficit)	111,797	4,507	1	1	116,306
Fund Balances (Deficit) at Beginning of Year	(2,001,756)	(11,322)	(441,342)	97	(2,454,323)
Fund Balances (Deficit) at End of Year	<u>\$ (1,889,959)</u>	<u>\$ (6,815)</u>	<u>\$ (441,341)</u>	<u>\$ 98</u>	<u>\$ (2,338,017)</u>

The accompanying notes are an integral part of these financial statements.

**KERN COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances (Deficit) - Total Governmental Funds	\$	116,306
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation/amortization expense. This is the amount of capital assets recorded in the current period.

55,313

Depreciation/amortization expense on capital assets is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, depreciation/amortization expense is not reported as an expenditure in the Governmental Funds.

(172,725)

Lease proceeds provide current financial resources to Governmental Funds, but increase long-term liabilities in the Statement of Net Position. Governmental Funds report the effect of leases when first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Principal is an expenditure in the Governmental Funds, but repayment reduces long-term liabilities in the Statement of Net Position.

Lease Proceeds

-

Debt Service - Lease Principal

142,113

Changes in other liabilities reported as expenses in the Statement of Activities not requiring the use of current financial resources in the Governmental Funds are as follows:

Certain pension expenses in the Statement of Activities are recognized on the accrual basis of accounting in accordance with GASB Statement No. 68.

(461,147)

OPEB

(27,434)

Compensated Absences

38,714

Change in Net Position of Governmental Activities

\$ (308,860)

The accompanying notes are an integral part of these financial statements.

**KERN COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
ENTERPRISE FUND
JUNE 30, 2023**

	<u>Kern Motorist Aid Authority</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,915,330
Intergovernmental Receivable	<u>19,549</u>
Total Current Assets	<u>2,934,879</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation/Amortization)	<u>98,899</u>
TOTAL ASSETS	<u><u>\$ 3,033,778</u></u>
LIABILITIES	
Accounts Payable	\$ 32,636
Due to Other Funds	<u>236,205</u>
Total Liabilities	<u>268,841</u>
NET POSITION	
Net Investment in Capital Assets	98,899
Unrestricted	<u>2,666,038</u>
Total Net Position	<u>2,764,937</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 3,033,778</u></u>

The accompanying notes are an integral part of these financial statements.

**KERN COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Kern Motorist Aid Authority
OPERATING REVENUES	
Registration Fees	\$ 781,412
Total Operating Revenues	<u>781,412</u>
OPERATING EXPENSES	
Professional and Special Services	452,770
Insurance	5,201
Communications Charges	95
Publication and Notices	45,674
Depreciation/Amortization	<u>18,543</u>
Total Operating Expenses	<u>522,283</u>
Operating Income	<u>259,129</u>
NONOPERATING REVENUES (EXPENSES)	
Interest	<u>64,846</u>
Total Nonoperating Revenues (Expenses)	<u>64,846</u>
Income Before Transfers	<u>323,975</u>
TRANSFERS	
Transfers Out	<u>(74,834)</u>
Change in Net Position	249,141
Net Position, Beginning	<u>2,515,796</u>
Net Position, Ending	<u><u>\$ 2,764,937</u></u>

The accompanying notes are an integral part of these financial statements.

**KERN COUNCIL OF GOVERNMENTS
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Kern Motorist Aid Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Receipts from Customers	\$ 761,863
Cash Payments to Suppliers of Goods or Services	<u>(469,269)</u>
Net Cash Provided by Operating Activities	<u>292,594</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Operating Transfers to Other Funds	<u>(74,834)</u>
Net Cash Used by Non-Capital Financing Activities	<u>(74,834)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>64,846</u>
Net Cash Provided by Investing Activities	<u>64,846</u>
Net Increase in Cash and Cash Equivalents	282,606
Cash and Cash Equivalents, Beginning of Year	<u>2,632,724</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,915,330</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$ 259,129
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation/Amortization	18,543
Changes in Assets and Liabilities:	
Increase in Due From Other Governments	(19,549)
Decrease in Accounts Payable	(40,363)
Increase in Due to Other Funds	<u>74,834</u>
Net Cash Provided by Operating Activities	<u><u>\$ 292,594</u></u>

The accompanying notes are an integral part of these financial statements.

**KERN COUNCIL OF GOVERNMENTS
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2023**

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 188,467,543
Due from Other Governments, Net	4,775,399
Advances to Other Funds	<u>5,176,028</u>
TOTAL ASSETS	<u><u>\$ 198,418,970</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Due to other Governments	\$ 2,486,948
Unearned Revenue	<u>2,558</u>
TOTAL LIABILITIES	<u>2,489,506</u>
NET POSITION	
Unassigned	<u>195,929,464</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 198,418,970</u></u>

The accompanying notes are an integral part of these financial statements.

**KERN COUNCIL OF GOVERNMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Custodial Funds</u>
ADDITIONS	
Sales Tax	\$ 71,406,508
Interest	<u>4,052,508</u>
TOTAL ADDITIONS	<u>75,459,016</u>
DEDUCTIONS	
Claims Disbursements	<u>47,562,429</u>
Excess of Additions over Deductions	27,896,587
OTHER FINANCING USES	
Transfers Out	<u>(969,192)</u>
Change in Net Position	26,927,395
Net Position at Beginning of Year	<u>170,452,711</u>
Prior period adjustment	(1,450,642)
Net Position at Beginning of Year, as restated	<u>169,002,069</u>
Net Position at End of Year	<u><u>\$ 195,929,464</u></u>

The accompanying notes are an integral part of these financial statements.

**KERN COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Organization

The Kern Council of Governments (Council), the regional transportation planning agency for the County of Kern (County), was created pursuant to Title 3 of Government Code Section 29535. The Council is a joint powers authority governed by an elected chairman and a 12-member Board of Directors (the Board). The Council is responsible for transportation planning activities as well as administration of the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STA). The LTF was created under the Transportation Development Act (TDA) to collect $\frac{1}{4}$ cent of the State's 7 $\frac{1}{4}$ percent retail sales tax collected statewide. The $\frac{1}{4}$ cent is returned by the State Board of Equalization to each county based on the amount of the tax collected in the county. The STA is a second source of TDA funding for transportation planning and mass transportation purposes as specified by California legislation. TDA funds are apportioned, allocated, and paid in accordance with the Council's allocation instructions.

Blended Component Unit

The Council follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units—an Amendment of GASB Statement No. 14*. This statement sets forth accountability of a government's elected officials to their constituents as the basic criteria for inclusion of an organization in a governmental reporting entity. The governmental reporting entity consists of the Council (primary government) and organizations for which the Council is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the Council's ability to impose its will on the organization or (ii) the potential for the organization to provide a financial benefit to, or impose a financial burden on, the Council. GASB Statement No. 39 sets forth criteria to be used in determining how individual governmental unit data should be presented by the component units of a reporting entity.

The basic financial statements include legally separate component units, which are so financially intertwined with the Council that they are, in substance, part of the Council. The component unit discussed below is included in the Council's reporting entity because of the significance of its operational or financial relationships with the Council.

The Kern Motorist Aid Authority (KMAA) was established in 1988 by the Council's Board. The Council's Board serves as the KMAA Board of Directors. The KMAA was established to administer funds collected by the State of California Department of Motor Vehicles (DMV). The DMV collects a registration fee from the County motorists in addition to the fees required by the State. The Council then uses these funds to purchase and maintain call boxes located on Kern County roadways. The KMAA does not issue separate financial statements.

B. New Accounting Pronouncements

The following GASB Statements have been implemented in the current financial statements:

GASB Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for fiscal years beginning after December 15, 2021, and all fiscal years thereafter. This statement did not impact the financial statements or disclosures of the Council as the Council does not have these types of transactions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Pronouncements (Continued)

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. This statement did not impact the financial statements or disclosures of the Council as the Council does not have these types of transactions.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The statement did not impact the financial statements or disclosures of the Council as the Council does not have these types of transactions.

GASB Statement No. 99 – *Omnibus 2022*. The requirements of this statement are effective as follows:

- The requirements related to the extension of the use of the London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions of GASB Statement No. 34, as amended, and terminology updates related to GASB Statement No. 53 and GASB Statement No. 63 are effective upon issuance.
- The requirements related to leases, public-private, and public-public partnerships (PPPs), and subscription-based information technology arrangements (SBITAs) are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all fiscal years thereafter.

This statement does not impact the financial statements or disclosures of the Council as the Council does not have these types of transactions.

C. Future Accounting Pronouncements

The GASB Statements listed below will be implemented in future financial statements.

GASB Statement No. 100 – *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*. For fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The Council has not fully judged the impact of implementation of GASB Statement No. 100 on the financial statements.

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all fiscal years thereafter. Earlier application is encouraged. The Council has not fully judged the impact of implementation of this standard on the financial statements.

GASB Statement No. 102 – *Certain Risk Disclosures*. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. The Council has not fully judged the impact of implementation of this standard on the financial statements.

D. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Government-Wide and Fund Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and a major enterprise fund are reported as separate columns in the fund financial statements.

E. Measurement Focus, Basis of Accounting, and Financial Statement Approach

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due.

The Council reports the following major governmental funds:

The *Planning and Administration Fund* is the Council's primary operating fund. It accounts for all financial resources of the Council, except those required to be accounted for in another fund.

The *State Subvention Fund* accounts for the State Subvention Grant.

The *Regional Early Action Planning Fund* accounts for planning activities related to the regional housing need assessment.

The *California Transit Security Grant Program* accounts for the transit grants.

The Council reports the following major proprietary fund:

The *Kern Motorist Aid Authority Fund* accounts for operations associated with installation and maintenance of call boxes in the County that are financed and operated in a manner similar to a private business enterprise where the costs (expenses, including depreciation) of services to the general public on a continuing basis is financed through user charges paid through fees assessed by the DMV.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus, Basis of Accounting, and Financial Statement Approach (Continued)

Additionally, the Council reports the following fiduciary fund type:

The *Custodial Funds* account for the following:

- ¼ cent sales tax revenues collected by the State in the County and administered by the Council under the TDA. The Council's Custodial Funds are the Local Transportation Fund and State Transit Assistance Fund. These funds are allocated to eligible claimants for transit, street and road, and pedestrian/bicycle facilities, as well as regional transportation planning and TDA administration.
- The Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). These funds are allocated to eligible claimants for PTMISEA related expenditures.
- The State of Good Repair (SGR) Program is funded from the Transportation Improvement Fee portion of the revenues received from the State Transit Assistance Program to the State Controller's Office (SCO). The SCO allocates SGR funds to provide funding for capital assistance in rehabilitation and modernizing California's existing local transit systems.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Other resources, such as investment earnings and miscellaneous revenues, are reported as *general revenues* rather than as program revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Council enterprise fund are registration fees. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, then unrestricted resources as they are needed.

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. As such, actual results could differ from those estimates.

F. Assets, Liabilities, and Net Position or Fund Balance

1. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents have been defined as cash and pooled cash and investments invested by the County.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities, and Net Position or Fund Balance (Continued)

2. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered and transfers of resources between funds reported at gross amounts as transfers in/out. Any receivables and payables are classified as “due to/from other funds” or “advances to/from other funds” on the Balance Sheet/Statement of Net Position. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

3. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date of donation. The extent to which capital asset values are estimated is insignificant. Depreciation/amortization and accumulated depreciation/amortization for governmental activities are accounted for in the Statement of Activities and Statement of Net Position, while depreciation/amortization and accumulated depreciation/amortization for business-type activities are also recorded in the Enterprise Fund Financial Statements.

The Council capitalizes all equipment over \$3,500 in value having a useful life over one year. Office furniture and equipment, including computer equipment, are depreciated/amortized utilizing the straight-line method over a useful life of three years. Call boxes are depreciated/amortized utilizing the straight-line method over a useful life of ten years.

4. Leases

The Council is a lessee for a noncancellable building lease. The Council recognizes a lease liability and an intangible right-to-use leased asset (leased asset) in the government-wide financial statements. The Council recognizes lease liabilities with an initial, individual value of \$3,500 or more.

At the commencement of a lease, the Council initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Council determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Council uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Council generally uses its estimated incremental borrowing rate as the discount rate for leases.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities, and Net Position or Fund Balance (Continued)

4. Leases (Continued)

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Council is reasonably certain to exercise.

The Council monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the leased asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

5. Compensated Absences

Vested or accumulated vacation leave that is due and payable at fiscal year-end is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement. Changes in compensated absences during the current year are as follows:

<u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>
\$ 470,818	\$ 129,350	\$ (168,064)	\$ 432,104

6. Fund Balance/Net Position

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Council is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts that can only be used for specific purposes determined by formal action of the Council’s highest level of decision-making authority and that remain binding unless removed in the same manner. Committed fund balance does not lapse at year-end. The formal action must occur prior to the end of the reporting period. However, the amount which will be subject to the constraint may be determined in the subsequent period. The formal action required to commit fund balance shall be Board resolution.
- *Assigned fund balance* – amounts that are constrained by the Council’s *intent* to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose.
- *Unassigned fund balance* – the residual classification that includes amounts not contained in the other classifications. The unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted resources are available for use, it is the Council’s policy to use restricted resources first, followed by the unrestricted committed, assigned, and unassigned resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities, and Net Position or Fund Balance (Continued)

6. Fund Balance/Net Position (Continued)

The Enterprise Fund Financial Statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation/amortization reduces the balance in this category.
- Restricted Net Position – This category presents net position with external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents net position of the Council, not restricted for any project or other purpose.

7. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2023, expenditures exceeded final appropriations in individual funds as follows:

<u>Fund</u>	<u>Expenditures</u>
Planning and Administration Fund	
Employee Benefits	\$ 216,697
Data Processing	15,244
Insurance	13,059
Debt Service - Lease Principal	142,113
Debt Service - Lease Interest	399
Communication	3,657
Training and Development	200
Regional Early Action Planning Fund	
Professional Services	270,401

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) except for reimbursements of expenditures received from other funds, which are reported as reductions to expenditures on a GAAP basis but as transfers in on a budgetary basis. Annual appropriated budgets are adopted for the Planning and Administration Fund and the Kern Motorist Aid Authority Fund. The State Subvention Fund, Regional Early Action Planning Fund, and California Transit Security Grant Program are not budgeted for. All annual appropriations lapse at the fiscal year-end. Any amendments to the budget must be approved by the Board. The legal level of budgetary control is at the major object level. The major object levels include personnel, subcontractor, services and supplies, and capital outlay.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Primary Government:

Cash in County Treasury	\$ 4,436,216
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Fiduciary Funds:

Cash in County Treasury	<u>188,467,543</u>
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Total Cash and Cash Equivalents	<u><u>\$ 192,903,759</u></u>
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Cash and cash equivalents as of June 30, 2023, consist of the following:

County Investment Pool	<u>\$ 192,903,759</u>
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Total Cash and Cash Equivalents	<u><u>\$ 192,903,759</u></u>
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Investments Authorized by the California Government Code and the Council's Investment Policy

The table below identifies the **investment types** that are authorized for the Council by the California Government Code (or the Council's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Council's investment policy, where more restrictive) that address **interest rate risk**, **credit risk**, and **concentration of credit risk**.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	N/A	N/A
U.S. Treasury Obligations	5 years	N/A	N/A
State of California Obligations	5 years	N/A	N/A
CA Local Agency Obligations	5 years	N/A	N/A
U.S. Agencies	5 years	N/A	N/A
Bankers Acceptances	180 days	40%	N/A
Commercial Paper	270 days	25%	N/A
Negotiable Certificates of Deposit	5 years	30%	N/A
Medium Term Notes	5 years	30%	N/A
Mutual Funds	N/A	20%	N/A
Money Market Mutual Funds	N/A	20%	N/A
Collateralized Bank Deposit	5 years	N/A	N/A
Time Deposit	5 years	N/A	N/A
County Pooled Investment Funds	N/A	N/A	N/A
Local Agency Investment Fund (LAIF)	N/A	N/A	N/A

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. None of the Council's cash and cash equivalents, as shown below, are affected by changes in interest rates.

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)**Disclosures Relating to Interest Rate Risk** (Continued)

Investment Type	Amount	Remaining Maturity			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
County Investment Pool	\$ 192,903,759	\$ 192,903,759	\$ -	\$ -	\$ -
Totals	\$ 192,903,759	\$ 192,903,759	\$ -	\$ -	\$ -

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

None of the Council's investments are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the Council's investment policy, or debt agreements, and the actual rating as of year-end for each investment type:

Investment Type	Amount	Minimum Legal Rating	Exempt from Disclosure	Rating as of Year-End	
				AAA	Unrated
County Investment Pool	\$ 192,903,759	N/A	\$ 192,903,759	\$ -	\$ 192,903,759
Total	\$ 192,903,759	N/A	\$ 192,903,759	\$ -	\$ 192,903,759

NOTE 4 – DUE FROM OTHER GOVERNMENTAL ENTITIES AND ACCOUNTS RECEIVABLE

Individual receivables from other governmental entities for services rendered at June 30, 2023, consist of the following:

Governmental Funds:

Federal

Formula Allocation PL (Planning)	\$ 401,880
Discretionary Grant - CMAQ	82,386
Discretionary Grant - RSTP	59,410
Discretionary Grant - SRTS	12,903
Discretionary Grant - SP&R	204,556
Discretionary Grant - SHA	17,466
Urban Technical Studies (FTA 5303 and 5304)	188,039
HCD and HSIP	161,409
Other	487,897

State

Senate Bill 1	102,273
State Transportation Improvement Program	234,313

Total	\$ 1,952,532
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NOTE 5 – INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables or payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Receivables/Payables

As of June 30, 2023, interfund receivables and payables were as follows:

Due from/to other funds:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
Planning and Administration Fund	\$ 1,302,286	\$ -
State Subvention Fund	-	567,850
Regional Early Action Planning Fund	-	498,231
Enterprise Funds:		
Kern Motorist Aid Authority Fund	-	236,205
Total	<u>\$ 1,302,286</u>	<u>\$ 1,302,286</u>

Advances to/from other funds

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
Planning and Administration Fund	\$ -	5,176,028
Custodial Funds:		
Local Transportation Fund	5,176,028	-
Total	<u>\$ 5,176,028</u>	<u>\$ 5,176,028</u>

NOTE 5 – INTERFUND TRANSACTIONS (Continued)Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the June 30, 2023 fiscal year were as follows:

Funds	Transfers In	Transfers Out
Governmental Funds:		
Planning and Administration Fund	\$ 1,356,384	\$ -
State Subvention Fund	-	268,259
Regional Early Action Planning Fund	-	44,099
Enterprise Funds:		
Kern Motorist Aid Authority Fund	-	74,834
Custodial Funds:		
Local Transportation Fund	-	969,192
Total	<u>\$ 1,356,384</u>	<u>\$ 1,356,384</u>

Transfer of \$268,259 from the State Subvention Fund to the Planning and Administration Fund for planning and administration expenditures related to the State Subvention grant.

Transfer of \$44,099 from the Regional Early Action Planning Fund to the Planning and Administration Fund for planning and administration expenditures.

Transfer of \$74,834 from the Kern Motorist Aid Authority Fund to the Planning and Administration Fund for planning and administration expenditures.

Transfer of \$969,192 from the Local Transportation Fund to the Planning and Administration Fund for the local matching requirement of federal funds to cover planning and administration expenditures.

NOTE 6 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital Assets, Being Depreciated/Amortized				
Office Furniture	\$ 25,398	\$ -	\$ -	\$ 25,398
Office Equipment	78,143	-	-	78,143
Computer Equipment	660,827	55,313	-	716,140
Software	60,404	-	-	60,404
Traffic Counters	10,833	-	-	10,833
Right-to-Use Leased Asset	430,531	-	-	430,531
Total Capital Assets, Being Depreciated/Amortized	1,266,136	55,313	-	1,321,449
Less Accumulated Depreciation/Amortization	(940,774)	(172,725)	-	(1,113,499)
Capital Assets, Being Depreciated/Amortized, Net	\$ 325,362	\$ (117,412)	\$ -	\$ 207,950
Business-Type Activities				
Capital Assets, Being Depreciated/Amortized				
Message Boards	\$ 185,435	\$ -	\$ -	\$ 185,435
Total Capital Assets, Being Depreciated/Amortized	185,435	-	-	185,435
Less Accumulated Depreciation/Amortization	(67,993)	(18,543)	-	(86,536)
Capital Assets, Being Depreciated/Amortized, Net	\$ 117,442	\$ (18,543)	\$ -	\$ 98,899

Depreciation/amortization expense charged to governmental activities transportation planning and administration function was \$172,725 and for business-type activities public safety – message boards was \$18,543 for the fiscal year ended June 30, 2023.

NOTE 7 – PROPOSITION 1B PTMISEA

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the PTMISEA. These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacements.

During the fiscal year ended June 30, 2023, the Council received \$0 in funds and received \$42 in interest on funds. The Council expended \$0 in PTMISEA related expenses for the TDA during the current year. PTMISEA funds are as follows:

Schedule of PTMISEA Proposition 1B Funds For the Fiscal Year Ended June 30, 2023	
Description	PTMISEA
Balance - Beginning of Year	\$ 2,516
Receipts:	
Interest Accrued July 1, 2022 Through June 30, 2023	42
Expenses:	
Related Expenses/Disbursements	-
Balance - End of Year	<u>\$ 2,558</u>

NOTE 8 – UNEARNED REVENUE

Under Section 50515.02, Subdivision (a), of the Health and Safety Code, the State of California Department of Housing and Community Development (HCD) has made available \$125 million in local governmental planning support grants to regional entities and working groups as outlined by the statute. On June 26, 2020, the San Joaquin Valley Regional Early Action Planning Committee for Housing (the Committee), of which the Council is a member, approved submission of an application for a grant funding to HCD by Fresno Council of Governments (FCOG) as the fiscal agent on behalf of the Committee. On August 20, 2020, HCD approved the application and an allocation of \$10,218,831. On August 20, 2020, FCOG and HCD executed grant funding agreement number 19-REAP-14029. The Council was allocated and received \$1,001,371 as an advance payment of this funding to provide planning activities. During the fiscal year ended June 30, 2023, the Council expended \$270,401 of the funding offset by \$12,540 in receipts. The remaining \$491,367 has been recorded as unearned revenue as of June 30, 2023.

NOTE 9 – PENSION PLAN

Plan Description

The Council contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan. CalPERS provides 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. Benefit provisions and all other requirements are established by state statute and CalPERS resolution. A separate report for the Council's plan within CalPERS is not available; however, a copy of CalPERS' annual financial report may be obtained from its Executive Office – 400 P Street, Sacramento, California 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments (COLAs), 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 with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The COLAs for each plan are applied as specified by the California Public Employees' Retirement Law (PERL).

Contribution Description

Section 20814(c) of the PERL 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 total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the plan's actuarially determined rate is based on the estimated amount necessary to pay the plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

NOTE 9 – PENSION PLAN (Continued)

General Information about the Pension Plan

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. Both the June 30, 2021 total pension liability and the June 30, 2022 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90% for June 30, 2022 and 7.15% for June 30, 2021, Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table ¹	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

¹ The mortality table was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 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 long-term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB Statement No. 68 section.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expenses. The 6.90 percent investment return assumption used in this accounting valuation is excluding administrative expenses. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

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.

NOTE 9 – PENSION PLAN (Continued)General Information about the Pension Plan (Continued)**Discount Rate** (Continued)

In determining the long-term expected rate of return, CalPERS staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects 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.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10^{1,2}
Global Equity - Cap-Weighted	30.00%	4.54%
Global Equity - Non-Cap-Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-Backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

¹ An expected price inflation of 2.3% used for this period.

² Figures are based on the 2021-22 Asset Liability Management study.

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB Statement No. 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance, and other postemployment benefits (OPEB) expense included in fiduciary net position. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early financial reporting closing and final reconciled reserves.

NOTE 9 – PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB Statement No. 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB Statement No. 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations of individual plan amounts as of the valuation date are used where not available.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the Miscellaneous Risk Pool (risk pool) as a whole on the valuation date (June 30, 2021). The risk pool's fiduciary net position (FNP) subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.

Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2022). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date.

- (2) For purposes of FNP in this step (2) and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2022, less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2021-22).
- (3) The individual plan's TPL, FNP, and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the measurement date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4).

The plan's FNP as of the measurement date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

- (6) The plan's NPL at the measurement date is the difference between the TPL and FNP calculated in (5).

Please refer to the CalPERS Public Agency Cost-Sharing Allocation Methodology Report that can be obtained at CalPERS' website under the GASB Statement No. 68 section, and see Appendix D of the CalPERS report for the calculation of the plan's proportionate share of TPL and FNP.

The plan's proportion of aggregate employer contributions is equal to the plan's proportion of FNP calculated in (4).

The plan's proportionate share of risk pool pension expense is developed as the sum of the related proportionate shares of the components of the aggregate pension expense.

NOTE 9 – PENSION PLAN (Continued)General Information about the Pension Plan (Continued)**Allocation of Net Pension Liability and Pension Expense to Individual Plans** (Continued)

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2021 (Measurement Date)	\$ 15,135,159	\$ 14,293,654	\$ 841,505
Balance at June 30, 2022 (Measurement Date)	16,417,752	13,451,755	2,965,997
Net Changes During 2021-22	\$ 1,282,593	\$ (841,899)	\$ 2,124,492

Recognition of Gains and Losses

Under GASB Statement No. 68, gains and losses related to changes in TPL and FNP are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization.
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of participants (active, inactive, and retired) in PERF C.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

NOTE 9 – PENSION PLAN (Continued)General Information about the Pension Plan (Continued)***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources***
(Continued)

As of June 30, 2023, the Council reports other amounts for the plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 303,928	\$ -
Differences between Expected and Actual Experience	59,563	39,893
Differences between Projected and Actual Investment Earnings	543,292	-
Differences between Employer's Contributions and Proportionate Share of Contributions	277,228	-
Change in Employer's Proportion	163,676	61,618
Pension Contributions Made Subsequent to Measurement Date	865,049	-
	<u>\$ 2,212,736</u>	<u>\$ 101,511</u>

The \$865,049 reported as deferred outflows of resources related to pensions results from pension contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions, other than the employer-specific item, will be recognized in future pension expense as follows:

<u>Fiscal Year Ended June 30</u>	
2024	\$ 416,307
2025	327,922
2026	169,653
2027	<u>332,296</u>
Total	<u>\$ 1,246,177</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate - 1% (5.90%)	Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability	\$ 5,204,032	\$ 2,965,997	\$ 1,124,649

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

In addition to providing pension benefits, the Council provides certain healthcare benefits for its retired employees. Substantially all of the Council's employees may become eligible for those benefits if they reach normal retirement age while working for the Council.

Plan Description

Following is a description of the current retiree benefit plan:

All Employees

Benefit Types Provided	Medical only
Duration of Benefits	Lifetime
Required Service	5 years
Minimum Age	50
Dependent Coverage	Yes
Council Contribution %	100%
Council Cap	\$500 per month

Employees Covered By Benefits

At the OPEB liability measurement date of June 30, 2023, the following employees were covered by the benefit term:

	<u>June 30, 2023</u>
Inactive Employees Currently Receiving Benefit Payments	8
Participating Active Employees	<u>17</u>
Total Number of Participants	<u><u>25</u></u>

Funding Policy

The Council's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The Council has not elected to establish an irrevocable trust at this time. The Board reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the Council.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**Net OPEB Liability**

At June 30, 2023, Council reported a net OPEB liability of \$1,467,302. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry age
Inflation Rate	2.5% per year
Investment Return/Discount Rate	3.65%, net of expenses. Based on Bond Buyer 20 Bond Index.
Healthcare Cost Trend Rate	4.00% per year
Payroll Increase	2.75% per year. Since benefits do not depend on salary (as they do for pension), using an aggregate payroll assumption for the purpose of calculating the service cost results in a negligible error.
Fiduciary Net Position (FNP)	Not applicable as the Council's OPEB plan does not have any assets or investments.
Mortality Rates	2017 CalPERS Mortality for Miscellaneous and Schools Employees 2017 CalPERS Retiree Mortality for All Employees
Retirement Rates	2017 CalPERS 2.0%@62 Rates for Miscellaneous Employees 2017 CalPERS 2.5%@55 Rates for Miscellaneous Employees
Turnover Rates	2017 CalPERS Turnover for Miscellaneous Employees
Costs for Retiree Coverage	Retiree liabilities are based on actual retiree costs

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Council if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2023:

	Discount Rate 1% Lower (2.65%)	Valuation Discount Rate (3.65%)	Discount Rate 1% Higher (4.65%)
Net OPEB Liability	\$ 1,654,223	\$ 1,467,302	\$ 1,314,088

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Council if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2023:

	Trend 1% Lower (2.00%)	Healthcare Cost Trend (4.00%)	Trend 1% Higher (5.00%)
Net OPEB Liability	\$ 1,454,563	\$ 1,467,302	\$ 1,480,375

Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e., fair value of the OPEB Plan assets, which is not applicable to the Council as the Council's OPEB plan has no assets), and the net OPEB liability during the measurement period ended June 30, 2023.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)Changes in the Net OPEB Liability (Continued)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 6/30/2022 Measurement Date	\$ 1,428,514	\$ -	\$ 1,428,514
Changes Recognized for the Measurement Period:			
Service Cost	55,726	-	55,726
Interest on Total OPEB Liability	50,706	-	50,706
Employer Contributions	-	48,000	(48,000)
Benefit Payments	(48,000)	(48,000)	-
Changes in Assumptions	(19,644)	-	(19,644)
Net Changes During 2022-23	38,788	-	38,788
Actual Balance at 6/30/2023 Measurement Date	<u>\$ 1,467,302</u>	<u>\$ -</u>	<u>\$ 1,467,302</u>

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the fiscal year ended June 30, 2023, the Council recognized OPEB expense of \$75,434. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, and actuarial assumptions or method. At June 30, 2023, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (56,573)
Changes in Assumptions	66,522	(183,250)
Total Deferred Outflows and Inflows of Resources	<u>\$ 66,522</u>	<u>\$ (239,823)</u>

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

Fiscal Year Ending June 30,	
2024	\$ (30,998)
2025	(43,710)
2026	(67,541)
2027	(29,598)
Thereafter	(1,454)
Total	<u>\$ (173,301)</u>

NOTE 11 – LEASES

Lease Payable

During the fiscal year ended June 30, 2022, the Council entered into a three-year facilities lease agreement as lessee. An initial lease liability was recorded in the amount of \$430,531 during that fiscal year. As of June 30, 2023, the value of the lease liability was \$146,517. The Council is required to make monthly principal and interest payments of \$11,880. The lease has an interest rate of 0.20%. The value of the right-to-use leased asset as of the end of the current fiscal year was \$143,511 and had accumulated amortization of \$287,020.

The future principal and interest lease payments as of June 30, 2023, were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 146,517	\$ 159	\$ 146,676
Total	<u>\$ 146,517</u>	<u>\$ 159</u>	<u>\$ 146,676</u>

NOTE 12 – RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Additionally, a complaint for declaratory and injunctive relief under Title II of the Americans with Disabilities Act, the Rehabilitation Act of 1973, and California Government Code Section 11135 has been made to compel the Council to make the motorist aid system call boxes under the KMAA accessible to deaf motorists. The complaint was dismissed without prejudice on July 11, 2005, but can be reinstated if the Council fails to act on the stipulated agreement. The Council is presently evaluating alternatives to be compliant. The amount of loss related to this complaint cannot be estimated. The Council reports all of its risk management activities in its Planning and Administration Fund. The Council purchases commercial insurance through an insurance agent, who obtains the appropriate insurance coverage needed by the Council from insurance companies.

The Council's deductibles and maximum coverages follow:

<u>Coverage</u>	<u>Deductible</u>	<u>Maximum per Occurrence</u>
Personal Property	\$ 2,500	\$ 260,300
Personal and Advertising Injury	2,500	2,000,000
Medical Expenses	2,500	10,000
Damage to Premises Rented	2,500	300,000
Products - Completed Operations	2,500	2,000,000
Employee Benefits	-	1,000,000

The Council obtains insurance coverage relating to workers' compensation claims through the State Compensation Insurance Fund. The Council makes quarterly payments based on a percentage of payroll. There is no deductible paid by the Council regarding workers' compensation.

To date, there have been no significant reductions in any of the Council's insurance coverages, and no settlement amounts have exceeded commercial insurance coverage for the last three fiscal years.

NOTE 13 – DEFICIT FUND BALANCE

Planning and Administration Fund

The Planning and Administration Fund reported a deficit fund balance due to the carry forward balance and due to the fact that it spent in excess of the revenue allocated. The excess was funded by borrowing monies from other Council funds. The Council plans on using future revenues to eliminate the deficit fund balance.

State Subvention Fund

The State Subvention Fund reported a deficit fund balance due to the carry forward balance that was spent in excess of the revenue allocated from prior years. The excess was funded by borrowing monies from other Council funds. The Council plans on using future revenues to eliminate the deficit fund balance.

Regional Early Action Planning Fund

The Regional Early Action Planning Fund reported a deficit fund balance due to the carry forward balance and that it spent in excess of the revenue allocated. The excess was funded by borrowing monies from other Council funds. The Council plans on using future revenues to eliminate the deficit fund balance.

NOTE 14 – CONTINGENCIES

The Council is a party to various claims and litigation in the normal course of business. In the opinion of management and outside counsel, any ultimate losses have been adequately provided for in the financial statements.

NOTE 15 – PRIOR PERIOD ADJUSTMENTS

Prior period adjustments at June 30, 2022, were:

State of Good Repair	\$ 1,450,642
Prior period adjustment:	
Re-class from net position to due to other governments	<u>(1,450,642)</u>
Net position at June 30, 2022, as restated	<u><u>\$ -</u></u>

NOTE 16 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2023, have been evaluated for possible adjustments to the financial statements or disclosures is March 7, 2024, which is the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL – PLANNING AND ADMINISTRATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Federal	\$ 3,361,588	\$ 3,638,407	\$ 3,192,839	\$ (445,568)
State	3,167,225	3,190,883	578,971	(2,611,912)
Local	-	-	308,600	308,600
Interest	-	-	12,177	12,177
Other	1,358,289	1,395,593	-	(1,395,593)
Total Revenues	7,887,102	8,224,883	4,092,587	(4,132,296)
EXPENDITURES				
Transportation Planning and Administration:				
Professional Services	3,464,770	3,740,460	1,243,218	2,497,242
Salaries and Wages	2,172,306	2,172,306	2,110,395	61,911
Employee Benefits	1,272,372	1,272,372	1,489,069	(216,697)
Rents and Leases	150,000	150,000	13,396	136,604
Transportation and Travel	91,573	87,073	46,237	40,836
Data Processing	75,210	75,210	90,454	(15,244)
Office	127,940	126,929	44,035	82,894
Insurance	18,000	18,000	31,059	(13,059)
Debt Service - Lease Principal	-	-	142,113	(142,113)
Debt Service - Lease Interest	-	-	399	(399)
Capital Outlay	22,400	56,000	55,313	687
Mileage Reimbursement	24,224	24,204	4,974	19,230
Memberships	39,075	39,075	1,754	37,321
Publications and Notices	58,075	45,700	23,469	22,231
Communications	15,120	15,120	18,777	(3,657)
Maintenance	14,000	27,000	20,312	6,688
County Indirect Costs	3,000	3,000	-	3,000
Special District	16,000	16,000	-	16,000
Training and Development	2,000	2,000	2,200	(200)
Total Expenditures	7,566,065	7,870,449	5,337,174	2,533,275
Excess (Deficiency) of Revenues over (under) Expenditures	321,037	354,434	(1,244,587)	(1,599,021)
OTHER FINANCING SOURCES				
Transfers In	-	-	1,356,384	1,356,384
Total Other Financing Sources	-	-	1,356,384	1,356,384
Net Change in Fund Balance (Deficit)	\$ 321,037	\$ 354,434	111,797	\$ (242,637)
Fund Balance (Deficit) at Beginning of Year			(2,001,756)	
Fund Balance (Deficit) at End of Year			\$ (1,889,959)	

See accompanying note to required supplementary information.

**KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL – STATE SUBVENTION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
State	\$ -	\$ -	\$ 268,259	\$ 268,259
Interest	-	-	4,507	4,507
Total Revenues	-	-	272,766	272,766
EXPENDITURES				
Transportation Planning and Administration: Professional Services	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues over Expenditures	-	-	272,766	272,766
OTHER FINANCING USES				
Transfers Out	-	-	(268,259)	(268,259)
Total Other Financing Uses	-	-	(268,259)	(268,259)
Net Change in Fund Balance (Deficit)	\$ -	\$ -	4,507	\$ 4,507
Fund Balance (Deficit) at Beginning of Year			(11,322)	
Fund Balance (Deficit) at End of Year			\$ (6,815)	

See accompanying note to required supplementary information.

**KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL – REGIONAL EARLY ACTION PLANNING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
State	\$ -	\$ -	\$ 301,961	\$ 301,961
Interest	-	-	12,540	12,540
Total Revenues	-	-	314,501	314,501
EXPENDITURES				
Transportation Planning and Administration: Professional Services	-	-	270,401	(270,401)
Total Expenditures	-	-	270,401	(270,401)
Deficiency of Revenues under Expenditures	-	-	44,100	44,100
OTHER FINANCING USES				
Transfers Out	-	-	(44,099)	(44,099)
Total Other Financing Uses	-	-	(44,099)	(44,099)
Net Change in Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	1	<u>\$ 1</u>
Fund Balance (Deficit) at Beginning of Year			<u>(441,342)</u>	
Fund Balance (Deficit) at End of Year			<u>\$ (441,341)</u>	

See accompanying note to required supplementary information.

**KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – CALIFORNIA TRANSIT SECURITY GRANT PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 1	\$ 1
Total Revenues	-	-	1	1
EXPENDITURES				
Transportation Planning and Administration:				
Claims Disbursement	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues over Expenditures	-	-	1	1
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	1	<u>\$ 1</u>
Fund Balance at Beginning of Year			<u>97</u>	
Fund Balance at End of Year			<u>\$ 98</u>	

See accompanying note to required supplementary information.

KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net OPEB liability				
Service cost	\$ 55,726	\$ 74,534	\$ 71,859	\$ 32,903
Interest on total OPEB liability	50,706	37,416	36,673	51,091
Experience (gains)/losses	-	(84,906)	-	(10,907)
Changes of assumptions	(19,644)	(265,624)	9,471	165,856
Benefit payments	<u>(48,000)</u>	<u>(55,758)</u>	<u>(52,374)</u>	<u>(50,047)</u>
Net change in net OPEB liability	38,788	(294,338)	65,629	188,896
Net OPEB liability - beginning	<u>1,428,514</u>	<u>1,722,852</u>	<u>1,657,223</u>	<u>1,468,327</u>
Net OPEB liability - ending	<u><u>\$ 1,467,302</u></u>	<u><u>\$ 1,428,514</u></u>	<u><u>\$ 1,722,852</u></u>	<u><u>\$ 1,657,223</u></u>
Covered payroll	\$ 1,829,041	\$ 1,778,605	\$ 1,716,163	\$ 1,670,888
Council's net OPEB liability as a percentage of covered payroll	80.22%	80.32%	100.39%	99.18%
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020
	<u>2019</u>	<u>2018</u>		
Net OPEB liability				
Service cost	\$ 29,466	\$ 28,677		
Interest on total OPEB liability	48,056	50,852		
Changes of assumptions	55,703	-		
Benefit payments	<u>(46,387)</u>	<u>(44,603)</u>		
Net change in net OPEB liability	86,838	34,926		
Net OPEB liability - beginning	<u>1,381,489</u>	<u>1,346,563</u>		
Net OPEB liability - ending	<u><u>\$ 1,468,327</u></u>	<u><u>\$ 1,381,489</u></u>		
Covered payroll	\$ 1,656,626	\$ 1,686,808		
Council's net OPEB liability as a percentage of covered payroll	88.63%	81.90%		
Measurement date	6/30/2019	6/30/2018		

* Fiscal year 2018 was the first year of implementation; therefore, only six years are shown. Additional years will be presented as they become available.

**KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF THE PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2023
LAST TEN YEARS***

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Council's proportion of the net pension liability	0.06339%	0.44320%	0.06759%	0.07154%	0.07428%
Council's proportionate share of the net pension liability	\$ 2,965,997	\$ 841,505	\$ 2,850,980	\$ 2,864,755	\$ 2,799,228
Council's covered payroll	\$ 1,829,041	\$ 1,778,605	\$ 1,716,163	\$ 1,670,888	\$ 1,656,626
Council's proportionate share of the net pension liability as a percentage of its covered payroll	162.16%	47.31%	166.13%	171.45%	168.97%
Plan fiduciary net position as a percentage of the total pension liability	78.19%	90.49%	77.71%	77.73%	77.69%
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	
Council's proportion of the net pension liability	0.07306%	0.07126%	0.08079%	0.02533%	
Council's proportionate share of the net pension liability	\$ 2,880,110	\$ 2,475,393	\$ 1,996,786	\$ 1,576,468	
Council's covered payroll	\$ 1,686,808	\$ 1,623,822	\$ 1,551,298	\$ 1,422,531	
Council's proportionate share of the net pension liability as a percentage of its covered payroll	170.74%	152.44%	128.72%	110.82%	
Plan fiduciary net position as a percentage of the total pension liability	75.39%	75.87%	77.23%	80.91%	

* Fiscal year 2015 was the first year of implementation; therefore, only nine years are shown.

**KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF CONTRIBUTIONS – PENSION
AS OF JUNE 30, 2023
LAST TEN YEARS***

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially determined contribution for the fiscal year	\$ 481,897	\$ 469,787	\$ 447,732	\$ 460,978	\$ 425,358
Less the contributions in relation to the actuarially determined contribution	<u>(481,897)</u>	<u>(469,787)</u>	<u>(447,732)</u>	<u>(460,978)</u>	<u>(425,358)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 1,829,041	\$ 1,778,605	\$ 1,716,163	\$ 1,670,888	\$ 1,656,626
Contributions as a percentage of covered payroll	26.35%	26.41%	26.09%	27.59%	25.68%

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Actuarially determined contribution for the fiscal year	\$ 452,089	\$ 321,585	\$ 404,667	\$ 235,005
Less the contributions in relation to the actuarially determined contribution	<u>(452,089)</u>	<u>(321,585)</u>	<u>(234,241)</u>	<u>(235,005)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,426</u>	<u>\$ -</u>
Council's covered payroll	\$ 1,686,808	\$ 1,623,822	\$ 1,551,298	\$ 1,422,531
Contributions as a percentage of covered payroll	26.80%	19.80%	15.10%	16.52%

* Fiscal year 2015 was the first year of implementation; therefore, only nine years are shown.

Notes to Schedule:

For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	6.90% (2022) 7.15% (2021)
Inflation	2.50% (2022) 2.50% (2021)
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00% (2022) 7.00% (2021) Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract Cost-of-Living Adjustment (COLA) up to 2.30% (2022) 2.5% (2021) until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% (2022) 2.5% (2021)

See accompanying note to required supplementary information.

**KERN COUNCIL OF GOVERNMENTS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 – BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America except for reimbursements of expenditures received from other funds, which are reported as reductions to expenditures on accounting principles generally accepted in the United States of America (GAAP) basis of accounting but as transfers in on a budgetary basis of accounting. Annual appropriated budgets are adopted for the Planning and Administration Fund and the Kern Motorist Aid Authority Fund. The State Subvention Fund, Regional Early Action Planning Fund, and California Transit Security Grant Program are not budgeted for. All annual appropriations lapse at the fiscal year-end. Any amendments to the budget must be approved by the Board of Directors. The legal level of budgetary control is at the major object level. The major object levels include personnel, subcontractor, services and supplies, and capital outlay.

SUPPLEMENTARY INFORMATION

**KERN COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2023**

	State Transit Assistance	Local Transportation	PTMISEA	State of Good Repair	Total
ASSETS					
Cash and Cash Equivalents	\$ 19,182,233	\$ 167,049,980	\$ 2,558	\$ 2,232,772	\$ 188,467,543
Due from Other Governments	3,452,521	1,068,702	-	254,176	4,775,399
Advances to other Funds	-	5,176,028	-	-	5,176,028
TOTAL ASSETS	<u>\$ 22,634,754</u>	<u>\$ 173,294,710</u>	<u>\$ 2,558</u>	<u>\$ 2,486,948</u>	<u>\$ 198,418,970</u>
LIABILITIES AND NET POSITION					
LIABILITIES					
Due to other Governments	\$ -	\$ -	\$ -	\$ 2,486,948	\$ 2,486,948
Unearned Revenue	-	-	2,558	-	2,558
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>2,558</u>	<u>2,486,948</u>	<u>2,489,506</u>
NET POSITION					
Unassigned	<u>22,634,754</u>	<u>173,294,710</u>	<u>-</u>	<u>-</u>	<u>195,929,464</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 22,634,754</u>	<u>\$ 173,294,710</u>	<u>\$ 2,558</u>	<u>\$ 2,486,948</u>	<u>\$ 198,418,970</u>

**KERN COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	State Transit Assistance	Local Transportation	PTMISEA	State of Good Repair	Total
ADDITIONS					
Sales Tax	\$ 12,686,486	\$ 58,270,098	\$ -	\$ 449,924	\$ 71,406,508
Interest	502,232	3,524,007	-	26,269	4,052,508
TOTAL ADDITIONS	13,188,718	61,794,105	-	476,193	75,459,016
DEDUCTIONS					
Claims Disbursement - Arvin	-	821,504	-	-	821,504
Claims Disbursement - Bakersfield	-	282,356	-	-	282,356
Claims Disbursement - Delano	32,000	648,814	-	15,193	696,007
Claims Disbursement - McFarland	-	97,735	-	32,168	129,903
Claims Disbursement - Ridgecrest	146,000	1,975,799	-	-	2,121,799
Claims Disbursement - Shafter	-	-	-	94,853	94,853
Claims Disbursement - Taft	-	157,800	-	-	157,800
Claims Disbursement - Tehachapi	56,394	780,448	-	-	836,842
Claims Disbursement - Wasco	-	2,000	-	-	2,000
Claims Disbursement - Kern County	1,620,795	8,464,591	-	243,454	10,328,840
Claims Disbursement - GET	8,539,849	23,460,151	-	90,525	32,090,525
TOTAL DEDUCTIONS	10,395,038	36,691,198	-	476,193	47,562,429
Excess (Deficiency) of Additions over (under) Deductions	2,793,680	25,102,907	-	-	27,896,587
OTHER FINANCING USES					
Transfers Out	-	(969,192)	-	-	(969,192)
Change in Net Position	2,793,680	24,133,715	-	-	26,927,395
Net Position at Beginning of Year	19,841,074	149,160,995	-	1,450,642	170,452,711
Prior Period Adjustment	-	-	-	(1,450,642)	(1,450,642)
Net Position at Beginning of Year	19,841,074	149,160,995	-	-	169,002,069
Net Position at End of Year	<u>\$ 22,634,754</u>	<u>\$ 173,294,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,929,464</u>

KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY WORK ELEMENT BY FUNDING SOURCE
BUDGET AND ACTUAL – PLANNING AND ADMINISTRATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget	FTA Sec. 5303	FTA 5303 Carryover	FTA Sec. 5304	FHWA PL
101.1 Air Quality Planning	\$ 88,701	\$ 42,142	\$ -	\$ -	\$ 42,142
102.1 Environmental Review Program	32,521	17,375	-	-	14,987
201.1 Inventory Mapping	508,627	174,093	6,229	-	224,087
201.2 Mapping Services and Technical Support	-	-	-	-	-
203.1B Sustainable Communities Public Participation	105,234	-	-	-	-
203.2B Sustainable Communities Performance Measures	61,904	-	-	-	-
203.3B Sustainable Communities Advanced Tech Planning	109,102	-	-	-	-
203.4B Sustainable Communities Strategy Forecast and Travel Model Activity Program	172,824	-	-	-	-
203.5 Regional Housing Need Allocation Plan	538,117	-	-	-	-
203.6 SJV Household Travel Survey	166,236	-	-	-	-
601.1 Regional Transportation Plan/CMS	287,991	68,538	-	-	104,110
601.2 RTP/CIP-Financial Element	70,677	-	-	-	70,556
601.3 Regional Transportation Community Survey & Outreach	173,174	-	-	-	89,638
601.4 Performance Measures	54,146	-	-	-	54,142
602.1 Transportation Improvement Program	395,685	-	-	-	208,247
602.2 Local Assistance for Federal Aid Projects	296,099	-	-	-	251,221
603.1 Transportation System Monitoring and Coordination	54,232	-	-	-	54,136
603.2 Traffic Count Program	93,997	-	-	-	-
603.3 Mobility Innovations and Incentives	60,957	-	-	-	35,395
603.4 Kern Electric Vehicle (EV) Blueprint	1,212,035	-	-	-	-
603.5 MD & HD Zero-Emission Vehicle Infrastructure	102,894	-	-	-	-
604.1 Regional Travel Demand Model Maintenance	370,497	-	-	-	178,914
604.2 Growth Forecast Model	56,793	-	-	-	54,394
604.3 Regional Travel Demand Model	37,313	-	-	-	37,312
605.1 Corridor/Major Investment/Impact Fee	7,382	-	-	-	7,353
606.1 Transit Planning	181,582	62,711	22,445	-	86,615
606.5 Metropolitan Bakersfield Long-Range Transportation Plan Update	338,885	-	-	57,092	-
608.1 Active Transportation and Complete Streets Program	88,946	-	-	-	22,171
608.2 Safe Routes for Bicyclists in Disadvantaged Communities	627,195	-	-	-	-
609.1 Transportation Demand Management	266,272	-	-	-	-
610.1 Freight Planning	62,383	-	-	-	60,062
610.2 Phase II KARGO Sustainability Study	280,247	-	-	-	-
801.1 Grant Writing	37,604	-	-	-	-
902.1 Regional Technical Assistance	85,557	-	-	-	-
903.1 Information and Data Management	99,665	-	-	-	48,049
904.1 Interregional Transportation Coordination	146,080	-	-	-	40,358
904.2 Local Clearinghouse Review Program	5,023	-	-	-	-
1001.1 Local Reimbursements	112,457	-	-	-	-
1001.2 Legislative Program	55,283	-	-	-	-
1001.3 Transportation Development Act (TDA) Program	250,082	-	-	-	-
1001.4 Information Services	132,074	-	-	-	50,590
1001.5 OWP Development and Monitoring	288,670	-	-	-	-
2001.1 KMAA System Implementation & Operation	28,470	-	-	-	-
2002.1 KMAA Administration	56,270	-	-	-	-
TOTAL	\$ 8,199,883	\$ 364,859	\$ 28,674	\$ 57,092	\$ 1,734,479

KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY WORK ELEMENT BY FUNDING SOURCE
BUDGET AND ACTUAL – PLANNING AND ADMINISTRATION FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	FHWA PL Carryover	FHWA RSTP	FHWA CMAQ	FHWA SPR
101.1 Air Quality Planning	\$ -	\$ -	\$ -	\$ -
102.1 Environmental Review Program	-	-	-	-
201.1 Inventory Mapping	72,915	-	-	-
201.2 Mapping Services and Technical Support	-	-	-	-
203.1B Sustainable Communities Public Participation	-	-	-	-
203.2B Sustainable Communities Performance Measures	-	-	-	-
203.3B Sustainable Communities Advanced Tech Planning	-	-	-	-
203.4B Sustainable Communities Strategy Forecast and Travel Model Activity Program	-	-	-	-
203.5 Regional Housing Need Allocation Plan	-	-	-	-
203.6 SJV Household Travel Survey	-	-	-	-
601.1 Regional Transportation Plan/CMS	-	-	-	-
601.2 RTP/CIP-Financial Element	-	-	-	-
601.3 Regional Transportation Community Survey & Outreach	-	-	-	-
601.4 Performance Measures	-	-	-	-
602.1 Transportation Improvement Program	96,799	-	-	-
602.2 Local Assistance for Federal Aid Projects	36,579	-	-	-
603.1 Transportation System Monitoring and Coordination	-	-	-	-
603.2 Traffic Count Program	-	79,677	-	-
603.3 Mobility Innovations and Incentives	16,261	-	-	-
603.4 Kern Electric Vehicle (EV) Blueprint	-	-	-	-
603.5 MD & HD Zero-Emission Vehicle Infrastructure	-	-	-	-
604.1 Regional Travel Demand Model Maintenance	185,770	-	-	-
604.2 Growth Forecast Model	-	-	-	-
604.3 Regional Travel Demand Model	-	-	-	-
605.1 Corridor/Major Investment/Impact Fee	-	-	-	-
606.1 Transit Planning	7,381	-	-	-
606.5 Metropolitan Bakersfield Long-Range Transportation Plan Update	-	-	-	-
608.1 Active Transportation and Complete Streets Program	-	-	-	-
608.2 Safe Routes for Bicyclists in Disadvantaged Communities	-	-	-	-
609.1 Transportation Demand Management	-	-	208,461	-
610.1 Freight Planning	-	-	-	-
610.2 Phase II KARGO Sustainability Study	-	-	-	190,259
801.1 Grant Writing	-	-	-	-
902.1 Regional Technical Assistance	-	-	-	-
903.1 Information and Data Management	51,350	-	-	-
904.1 Interregional Transportation Coordination	16,491	-	-	-
904.2 Local Clearinghouse Review Program	-	-	-	-
1001.1 Local Reimbursements	-	-	-	-
1001.2 Legislative Program	-	-	-	-
1001.3 Transportation Development Act (TDA) Program	-	-	-	-
1001.4 Information Services	45,791	-	-	-
1001.5 OWP Development and Monitoring	-	-	-	-
2001.1 KMAA System Implementation & Operation	-	-	-	-
2002.1 KMAA Administration	-	-	-	-
TOTAL	\$ 529,337	\$ 79,677	\$ 208,461	\$ 190,259

KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY WORK ELEMENT BY FUNDING SOURCE
BUDGET AND ACTUAL – PLANNING AND ADMINISTRATION FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	STIP PPM	SHA	SB-1 & ATP	Local Contracts
101.1 Air Quality Planning	\$ -	\$ -	\$ -	\$ -
102.1 Environmental Review Program	-	-	-	-
201.1 Inventory Mapping	-	-	-	-
201.2 Mapping Services and Technical Support	-	-	-	7,132
203.1B Sustainable Communities Public Participation	-	-	81,444	-
203.2B Sustainable Communities Performance Measures	-	-	54,681	-
203.3B Sustainable Communities Advanced Tech Planning	-	-	96,560	-
203.4B Sustainable Communities Strategy Forecast and Travel Model Activity Program	-	-	114,679	-
203.5 Regional Housing Need Allocation Plan	-	-	-	-
203.6 SJV Household Travel Survey	-	-	-	-
601.1 Regional Transportation Plan/CMS	81,270	-	-	-
601.2 RTP/CIP-Financial Element	-	-	-	-
601.3 Regional Transportation Community Survey & Outreach	77,008	-	-	-
601.4 Performance Measures	-	-	-	-
602.1 Transportation Improvement Program	-	-	-	-
602.2 Local Assistance for Federal Aid Projects	-	-	-	-
603.1 Transportation System Monitoring and Coordination	-	-	-	-
603.2 Traffic Count Program	-	-	-	-
603.3 Mobility Innovations and Incentives	-	-	-	-
603.4 Kern Electric Vehicle (EV) Blueprint	-	-	-	-
603.5 MD & HD Zero-Emission Vehicle Infrastructure	-	-	-	-
604.1 Regional Travel Demand Model Maintenance	-	-	-	-
604.2 Growth Forecast Model	-	-	-	-
604.3 Regional Travel Demand Model	-	-	-	-
605.1 Corridor/Major Investment/Impact Fee	-	-	-	-
606.1 Transit Planning	-	-	-	-
606.5 Metropolitan Bakersfield Long-Range Transportation Plan Update	-	-	-	5,598
608.1 Active Transportation and Complete Streets Program	-	-	-	-
608.2 Safe Routes for Bicyclists in Disadvantaged Communities	-	-	231,607	-
609.1 Transportation Demand Management	-	-	-	-
610.1 Freight Planning	-	-	-	-
610.2 Phase II KARGO Sustainability Study	-	-	-	-
801.1 Grant Writing	-	-	-	-
902.1 Regional Technical Assistance	33,846	-	-	-
903.1 Information and Data Management	-	-	-	-
904.1 Interregional Transportation Coordination	76,135	-	-	-
904.2 Local Clearinghouse Review Program	-	-	-	-
1001.1 Local Reimbursements	-	-	-	-
1001.2 Legislative Program	-	-	-	-
1001.3 Transportation Development Act (TDA) Program	-	-	-	-
1001.4 Information Services	-	-	-	-
1001.5 OWP Development and Monitoring	-	-	-	-
2001.1 KMAA System Implementation & Operation	-	-	-	-
2002.1 KMAA Administration	-	-	-	-
TOTAL	\$ 268,259	\$ -	\$ 578,971	\$ 12,730

KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY WORK ELEMENT BY FUNDING SOURCE
BUDGET AND ACTUAL – PLANNING AND ADMINISTRATION FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	KMAA	HCD	HSIP	CARB
101.1 Air Quality Planning	\$ -	\$ -	\$ -	\$ -
102.1 Environmental Review Program	-	-	-	-
201.1 Inventory Mapping	-	-	-	-
201.2 Mapping Services and Technical Support	-	-	-	-
203.1B Sustainable Communities Public Participation	-	-	-	-
203.2B Sustainable Communities Performance Measures	-	-	-	-
203.3B Sustainable Communities Advanced Tech Planning	-	-	-	-
203.4B Sustainable Communities Strategy Forecast and Travel Model Activity Program	-	-	-	-
203.5 Regional Housing Need Allocation Plan	-	44,099	-	-
203.6 SJV Household Travel Survey	-	-	-	-
601.1 Regional Transportation Plan/CMS	-	-	-	-
601.2 RTP/CIP-Financial Element	-	-	-	-
601.3 Regional Transportation Community Survey & Outreach	-	-	-	-
601.4 Performance Measures	-	-	-	-
602.1 Transportation Improvement Program	-	-	-	-
602.2 Local Assistance for Federal Aid Projects	-	-	-	-
603.1 Transportation System Monitoring and Coordination	-	-	-	-
603.2 Traffic Count Program	-	-	-	-
603.3 Mobility Innovations and Incentives	-	-	-	-
603.4 Kern Electric Vehicle (EV) Blueprint	-	-	-	-
603.5 MD & HD Zero-Emission Vehicle Infrastructure	-	-	-	-
604.1 Regional Travel Demand Model Maintenance	-	-	-	-
604.2 Growth Forecast Model	-	-	-	-
604.3 Regional Travel Demand Model	-	-	-	-
605.1 Corridor/Major Investment/Impact Fee	-	-	-	-
606.1 Transit Planning	-	-	-	-
606.5 Metropolitan Bakersfield Long-Range Transportation Plan Update	-	-	-	-
608.1 Active Transportation and Complete Streets Program	-	-	-	16,995
608.2 Safe Routes for Bicyclists in Disadvantaged Communities	-	-	-	-
609.1 Transportation Demand Management	-	-	-	-
610.1 Freight Planning	-	-	-	-
610.2 Phase II KARGO Sustainability Study	-	-	-	-
801.1 Grant Writing	-	-	-	-
902.1 Regional Technical Assistance	-	-	-	-
903.1 Information and Data Management	-	-	-	-
904.1 Interregional Transportation Coordination	-	-	-	-
904.2 Local Clearinghouse Review Program	-	-	-	-
1001.1 Local Reimbursements	-	-	-	-
1001.2 Legislative Program	-	-	-	-
1001.3 Transportation Development Act (TDA) Program	-	-	-	-
1001.4 Information Services	-	-	-	-
1001.5 OWP Development and Monitoring	-	-	-	-
2001.1 KMAA System Implementation & Operation	32,083	-	-	-
2002.1 KMAA Administration	42,752	-	-	-
TOTAL	\$ 74,835	\$ 44,099	\$ -	\$ 16,995

KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY WORK ELEMENT BY FUNDING SOURCE
BUDGET AND ACTUAL – PLANNING AND ADMINISTRATION FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	CEC	TDA	Total Expenditures	Variance
101.1 Air Quality Planning	\$ -	\$ -	\$ 84,284	\$ 4,417
102.1 Environmental Review Program	-	-	32,362	159
201.1 Inventory Mapping	-	37,760	515,084	(6,457)
201.2 Mapping Services and Technical Support	-	-	7,132	(7,132)
203.1B Sustainable Communities Public Participation	-	10,552	91,996	13,238
203.2B Sustainable Communities Performance Measures	-	7,084	71,156	(9,252)
203.3B Sustainable Communities Advanced Tech Planning	-	12,510	109,070	32
203.4B Sustainable Communities Strategy Forecast and Travel Model Activity Program	-	14,858	148,139	24,685
203.5 Regional Housing Need Allocation Plan	-	-	44,099	494,018
203.6 SJV Household Travel Survey	-	14,978	14,978	151,258
601.1 Regional Transportation Plan/CMS	-	-	253,918	34,073
601.2 RTP/CIP-Financial Element	-	-	70,556	121
601.3 Regional Transportation Community Survey & Outreach	-	-	166,646	6,528
601.4 Performance Measures	-	-	54,142	4
602.1 Transportation Improvement Program	-	82,523	387,569	8,116
602.2 Local Assistance for Federal Aid Projects	-	-	287,800	8,299
603.1 Transportation System Monitoring and Coordination	-	-	54,136	96
603.2 Traffic Count Program	-	13,710	93,387	610
603.3 Mobility Innovations and Incentives	-	-	65,438	(4,481)
603.4 Kern Electric Vehicle (EV) Blueprint	119,705	-	119,705	1,092,330
603.5 MD & HD Zero-Emission Vehicle Infrastructure	148,921	-	148,921	(46,027)
604.1 Regional Travel Demand Model Maintenance	-	-	364,684	5,813
604.2 Growth Forecast Model	-	-	54,394	2,399
604.3 Regional Travel Demand Model	-	-	37,312	1
605.1 Corridor/Major Investment/Impact Fee	-	-	7,353	29
606.1 Transit Planning	-	-	179,152	2,430
606.5 Metropolitan Bakersfield Long-Range Transportation Plan Update	-	-	62,690	276,195
608.1 Active Transportation and Complete Streets Program	-	-	39,166	49,780
608.2 Safe Routes for Bicyclists in Disadvantaged Communities	-	9,952	241,559	385,636
609.1 Transportation Demand Management	-	41,402	249,863	16,409
610.1 Freight Planning	-	-	60,062	2,321
610.2 Phase II KARGO Sustainability Study	-	69,613	259,872	20,375
801.1 Grant Writing	-	44,865	44,865	(7,261)
902.1 Regional Technical Assistance	-	2,045	35,891	49,666
903.1 Information and Data Management	-	-	99,399	266
904.1 Interregional Transportation Coordination	-	-	132,984	13,096
904.2 Local Clearinghouse Review Program	-	6,293	6,293	(1,270)
1001.1 Local Reimbursements	-	114,797	114,797	(2,340)
1001.2 Legislative Program	-	68,232	68,232	(12,949)
1001.3 Transportation Development Act (TDA) Program	-	283,471	283,471	(33,389)
1001.4 Information Services	-	-	96,381	35,693
1001.5 OWP Development and Monitoring	-	107,203	107,203	181,467
2001.1 KMAA System Implementation & Operation	-	-	32,083	(3,613)
2002.1 KMAA Administration	-	-	42,752	13,518
TOTAL	\$ 268,626	\$ 941,848	\$ 5,440,976	\$ 2,758,907

**KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY WORK ELEMENT BY FUNDING SOURCE
RECONCILIATION TO TOTAL PLANNING AND ADMINISTRATION EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

July 1, 2022 through June 30, 2023	
Total Expenditures by Work Element by Funding Source	\$ 5,440,976
Plus Non-Allowable Personnel	10,900
Plus Non-Allowable Services/Supplies	10,652
Plus Capital Expenditure to be Depreciated	55,313
Allocated Under/(Over)	<u>(60,540)</u>
Adjusted Allocated Costs / Total Planning and Administration	<u><u>\$ 5,457,301</u></u>

**KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF DIRECT AND INDIRECT COSTS –
PLANNING AND ADMINISTRATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Allocations	Per Fiscal Year 2023 Actual to Date	Total Direct	Total Indirect	Total Non- Allowable	Fiscal Year 2023 Total	Variance	Notes
PERSONNEL							
July 1, 2022 through June 30, 2023	\$ 2,110,395	\$ 1,094,613	\$ 1,004,882	\$ 10,900	\$ 2,110,395	\$ -	
Fringe Benefits	1,489,068	812,246	676,822	-	1,489,068	-	
SERVICES AND SUPPLIES							
Professional Services	1,243,218	1,219,442	23,776	-	1,243,218	-	
Rents and Leases	13,396	-	13,396	-	13,396	-	
Transportation and Travel	46,237	37,020	2,717	6,500	46,237	-	
Data Processing	90,454	10,996	79,458	-	90,454	-	
Office	44,036	30,407	13,629	-	44,036	-	
Insurance	31,059	-	31,059	-	31,059	-	
Mileage Reimbursement	4,974	1,590	532	2,852	4,974	-	
Memberships	1,754	900	854	-	1,754	-	
Publications and Notices	23,469	22,318	1,151	-	23,469	-	
Communications	18,777	840	16,637	1,300	18,777	-	
Maintenance	20,312	15,079	5,233	-	20,312	-	
Training and Development	2,200	600	1,600	-	2,200	-	
Depreciation Expense	-	-	60,540	-	60,540	(60,540)	(a)
Debt Service - Principal	142,113	-	142,113	-	142,113	-	
Debt Service - Interest	399	-	399	-	399	-	
Capital Outlays	55,313	-	-	55,313	55,313	-	
TOTALS	\$ 5,337,174	\$ 3,246,051	\$ 2,074,798	\$ 76,865	\$ 5,397,714	\$ (60,540)	
ALLOCATION BASE	\$ 1,963,294						
INDIRECT COST ALLOCATION	\$ 2,020,229						

NOTES:

(a) Cost allocation recovers asset costs through depreciation charges not recorded in special revenue fund per accounting principles generally accepted in the United States of America.

**KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF ALLOCATIONS, DISBURSEMENTS, AND OPERATING TRANSFERS
LOCAL TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	PUC 99233.1 Admin.	PUC 99234 Ped/Bike Facilities	PUC 99260 Transit Operations	PUC 99262 Regional Planning	PUC 99275 Social Service
ALLOCATIONS					
City of Arvin	\$ -	\$ -	\$ 612,528	\$ 33,775	\$ -
City of California City	-	-	-	21,664	-
City of Delano	-	-	-	78,355	-
City of Maricopa	-	-	-	1,752	-
City of McFarland	-	-	-	21,547	-
City of Ridgecrest	-	-	1,311,998	45,401	-
City of Shafter	-	-	-	31,373	-
City of Taft	-	-	-	10,958	-
City of Tehachapi	-	-	-	18,424	-
City of Wasco	-	-	-	41,141	-
County of Kern	-	564,005	8,088,586	250,162	-
Bakersfield to GET	-	-	19,103,176	609,676	-
Kern County to GET	-	-	7,469,610	238,392	-
Golden Empire Transit	-	-	18,680,896	-	-
Total Allocations	-	564,005	55,266,794	1,402,620	-
EXPENDITURES					
City of Arvin	-	208,976	612,528	33,775	-
City of Bakersfield	-	549,908	433,153	-	-
City of California City	-	-	-	21,664	-
City of Delano	-	-	-	78,355	-
City of Maricopa	-	-	-	1,752	-
City of McFarland	-	97,735	-	21,547	-
City of Ridgecrest	-	-	1,311,998	45,401	-
City of Shafter	-	-	-	31,373	-
City of Taft	-	157,800	-	10,958	-
City of Tehachapi	-	-	-	18,424	-
City of Wasco	-	2,000	-	41,141	-
County of Kern	-	476,005	8,088,586	250,162	-
Bakersfield to GET	-	-	18,226,192	609,676	-
Kern County to GET	-	-	5,233,959	238,392	-
Total Expenditures	-	1,492,424	33,906,416	1,402,620	-
Under/(Over) Expended Allocation	\$ -	\$ (928,419)	\$ 21,360,378	\$ -	\$ -

KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF ALLOCATIONS, DISBURSEMENTS, AND OPERATING TRANSFERS (Continued)
LOCAL TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	CAC 6648 Capital Reserve	PUC 99400(a) Streets and Roads	PUC 99400(c) Contract Transit	PUC 99400(d) Contract Admin.	PUC 99400(e) Contract Capital	Local Transportation Fund Total
ALLOCATIONS						
City of Arvin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 646,303
City of California City	-	-	-	-	-	21,664
City of Delano	-	648,814	-	-	-	727,169
City of Maricopa	-	-	-	-	-	1,752
City of McFarland	-	-	-	-	-	21,547
City of Ridgecrest	-	663,801	-	-	-	2,021,200
City of Shafter	-	-	-	-	-	31,373
City of Taft	-	-	-	-	-	10,958
City of Tehachapi	-	780,448	-	-	-	798,872
City of Wasco	-	-	-	-	-	41,141
County of Kern	-	-	-	-	-	8,902,753
Bakersfield to GET	-	-	-	-	-	19,712,852
Kern County to GET	-	-	-	-	-	7,708,002
Golden Empire Transit	-	-	-	-	-	18,680,896
Total Allocations	-	2,093,063	-	-	-	59,326,482
EXPENDITURES						
City of Arvin	-	-	-	-	-	855,279
City of Bakersfield	-	-	-	-	-	983,061
City of California City	-	-	-	-	-	21,664
City of Delano	-	648,814	-	-	-	727,169
City of Maricopa	-	-	-	-	-	1,752
City of McFarland	-	-	-	-	-	119,282
City of Ridgecrest	-	663,801	-	-	-	2,021,200
City of Shafter	-	-	-	-	-	31,373
City of Taft	-	-	-	-	-	168,758
City of Tehachapi	-	-	-	-	-	18,424
City of Wasco	-	-	-	-	-	43,141
County of Kern	-	-	-	-	-	8,814,753
Bakersfield to GET	-	-	-	-	-	18,835,868
Kern County to GET	-	-	-	-	-	5,472,351
Total Expenditures	-	1,312,615	-	-	-	38,114,075
Under/(Over) Expended Allocation	\$ -	\$ 780,448	\$ -	\$ -	\$ -	\$ 21,212,407

**KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF ALLOCATIONS, DISBURSEMENTS, AND OPERATING TRANSFERS
STATE TRANSIT ASSISTANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	PUC 99313.3 Population Basis	PUC 99314.4 Revenue Basis	State Transit Assistance Fund Total
ALLOCATIONS			
City of Delano	\$ 32,000	\$ -	\$ 32,000
City of Ridgecrest	146,000	-	146,000
City of Tehachapi	56,394	-	56,394
County of Kern	1,594,715	-	1,594,715
Golden Empire Transit	5,144,991	379,357	5,524,348
	<u>6,974,100</u>	<u>379,357</u>	<u>7,353,457</u>
Total Allocations			
	<u>6,974,100</u>	<u>379,357</u>	<u>7,353,457</u>
EXPENDITURES			
City of Delano	32,000	-	32,000
City of Ridgecrest	146,000	-	146,000
City of Tehachapi	56,394	-	56,394
County of Kern	1,555,168	65,627	1,620,795
Golden Empire Transit	7,963,265	576,584	8,539,849
	<u>9,752,827</u>	<u>642,211</u>	<u>10,395,038</u>
Total Expenditures			
	<u>9,752,827</u>	<u>642,211</u>	<u>10,395,038</u>
Under/(Over) Expended Allocation	<u>\$ (2,778,727)</u>	<u>\$ (262,854)</u>	<u>\$ (3,041,581)</u>

**KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Assistance Listing (AL) Number	Grant Number	Expenditures
<u>U.S. Department of Transportation</u>			
Passed through the State of California, Department of Transportation:			
Federal Highway Administration:			
Formula Allocation PL (Planning)	20.205	74A0810	\$ 2,263,816
Discretionary Grant - CMAQ	20.205	CMLNI-6087(069)	208,461
Discretionary Grant - RSTP	20.205	STPLNI-6087(067)	79,677
SP&R - Blueprint	20.205	74A0810	<u>190,259</u>
Total Federal Highway Administration			<u>2,742,213</u>
Federal Transit Administration (FTA):			
Rural Technical Studies (FTA 5304)	20.505		57,092
Urban Technical Studies (FTA 5303)	20.505	74A0810	<u>393,534</u>
Total Federal Transit Administration			<u>450,626</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,192,839</u></u>

See accompanying notes to schedule of expenditures of federal awards.

**KERN COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Kern Council of Governments (Council). The Council's reporting entity is defined in Note 1 of the Council's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through from other government agencies are included on the Schedule of Expenditures of Federal Awards.

NOTE 2 – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards reports expenditures on the modified accrual basis of accounting. Accordingly, expenditures represent amounts incurred during the fiscal year, which meet federal grant eligibility requirements.

NOTE 3 – INDIRECT COST RATE

The Council has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

OTHER REPORTS

**INDEPENDENT AUDITOR'S 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*
AND THE TRANSPORTATION DEVELOPMENT ACT**

To the Board of Directors
Kern Council of Governments
Bakersfield, California

We have audited, in accordance with the 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 Transportation Development Act, the financial statements of the governmental activities, the business-type activities, and each major fund of the Kern Council of Governments (the Council), as of and for the fiscal year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated March 7, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council'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 the Council'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. Our audit was further made to determine that allocations made and expended by the Council were made in accordance with the Transportation Development Act as required by Sections 6661, 6664, 6666, and 6751 of Article 5.5 of the California Code of Regulations. 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*.

The Council is the recipient agency of Public Transportation Modernization, Improvement, and Service Account (PTMISEA) Program funds and State of Good Repair (SGR) funds for the cities of Kern County. As of June 30, 2023, PTMISEA and SGR funds received and claims paid to cities were verified in the course of our audit as follows:

For the Fiscal Year Ended June 30, 2023		
	PTMISEA	SGR
Balance - Beginning of Year	\$ 2,516	\$ 1,450,642
Receipts:		
Allocations	-	1,486,230
Interest Accrued July 1, 2022 Through June 30, 2023	42	26,269
Expenses:		
Related Expenses/Disbursements	-	476,193
Balance - End of Year	<u>\$ 2,558</u>	<u>\$ 2,486,948</u>

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
March 7, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Kern Council of Governments
Bakersfield, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Kern Council of Governments' (the Council) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2023. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Council 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 the Council 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 the Council'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 agreements applicable to the Council's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council'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 auditing standards generally accepted in the United States of America, *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 the Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council'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 the Council'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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION
Brown Armstrong
Accountancy Corporation

Bakersfield, California
March 7, 2024

FINDINGS AND RECOMMENDATIONS

**KERN COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

1. Summary of Auditor's Results

Financial Statements:

Type of auditor's 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

Identification of major program:

AL# 20.205 Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

2. Financial Statement Findings

None.

3. Status of Prior Year Findings and Questioned Costs

None.



III. F. COG

March 21, 2024

TO: Kern Council of Governments

FROM: Ahron Hakimi,
Executive Director

BY: Michael Heimer,
Regional Planner

SUBJECT: KERN COUNCIL OF GOVERNMENTS CONSENT AGENDA ITEM: III. F.
Equipment and Materials Disposal

DESCRIPTION:

Request to dispose of outdated equipment.

DISCUSSION:

When disposing of outdated or non-functioning equipment, Kern COG's policy is to invite member agencies first – and other governments or non-profit organizations second – to choose among available pieces. Any items left at the end of that process are taken to a recycling facility. Kern COG has numerous computer components that have been replaced and are now ready for disposal. A complete asset listing follows.

- Two (2) Panasonic 42" displays
- Two (2) Sony 52" displays

ACTION:

Approve inventory list for dissemination and disposal. ROLL CALL VOTE.



IV. COG

March 21, 2024

TO: KERN COUNCIL OF GOVERNMENTS

FROM: Ahron Hakimi,
Executive Director

By: Becky Napier
Deputy Director - Administration

SUBJECT: KERN COUNCIL OF GOVERNMENTS AGENDA ITEM: IV.
ELECTION OF OFFICERS

DESCRIPTION:

Each year, the Kern Council of Governments (COG) Board of Directors selects a Chairman and a Vice Chairman for the Kern COG Board.

DISCUSSION:

The Secretary will take nominations for the position of Chairman. Each voting member of the Kern COG Board is eligible to be nominated as Chairman or Vice Chairman. After selection of a Chairman, the gavel will be transferred to the new Chairman who will take nominations for Vice-Chairman.

ACTION

Select a Chairman and a Vice-Chairman for the Kern COG Board of Directors. ROLL CALL VOTE.