

**AGENDA  
KERN COUNCIL OF GOVERNMENTS  
BOARD MEETING  
THURSDAY, FEBRUARY 19, 2026  
6:30 P.M.**

**PRIMARY MEETING LOCATION  
TELECONFERENCING AVAILABLE**

**Kern Council of Governments  
Board Room  
1401 19<sup>th</sup> Street, Suite 300  
Bakersfield, CA 93301**

**SECONDARY MEETING LOCATIONS**

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

*Please join meetings from your computer, tablet, or smartphone.*

**Microsoft Teams**

[Join the meeting now](#)

Meeting ID: 294 103 931 477 7

Passcode: pe2T6N5B

**Dial in by phone**

[+1 872-703-0323,,601343210#](#) United States, Chicago

[Find a local number](#)

Phone conference ID: 601 343 210#

**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:**

Congestion Management Agency Ex-Officio Members:

- 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:** January 19, 2026. ROLL CALL VOTE.

**B. CONCURRENCE IN ACTIONS OF TPPC**

**C. LOCAL CLEARINGHOUSE:**

The State Clearinghouse (SCH) notifies state and local elected officials and agencies and the public of the grant applications through the Submissions page of the Office of Planning and Research Intergovernmental Review of Federal Programs website email and via email notifications to registered users of the website. This notification process allows elected officials and agencies and the public the opportunity to review applications and the option to comment or collaborate on a particular application. Since the SCH does not receive a complete copy of the federal assistance full proposal or budget, any person wishing to review a proposal further must contact the applicant directly for more information. Kern COG takes no position on any of the projects presented but provides the information for public consideration only.

**Applicant:** Kern County  
**Address:** 2700 M Street  
Bakersfield, CA 93301-2375  
**Contact:** Yolanda Alcantar  
**Telephone:** (661) 862-5292  
**Email:** [yolandar@kerncounty.com](mailto:yolandar@kerncounty.com)

**Federal Agency: DOT – Federal Railroad Administration**

Assistance Listing Number: 20.326

Funding Opportunity Number: FR-FSP-25-006

Title: FY24-25 Federal-State Partnership for Intercity Passenger Rail Grant Program - National

Description: Cherry Avenue Grade Separation Project

**Federal Funds:** \$42,963,200.00

**State Funds:** \$0.00

**Other:** \$4,800,000.00

**Program Income:** \$0.00

**Total Funds:** \$53,704,000.00

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

**IV. FY 2024/25 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, 2025.

**Action:** Receive and file. ROLL CALL VOTE.

**V. CONGESTION MANAGEMENT AGENCY: (None)**

**VI. KERN MOTORIST AID AUTHORITY (None)**

**VII. EXECUTIVE DIRECTOR'S REPORT:**

A. Timeline

**VIII. 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.

**IX. CLOSED SESSION:** None.

**X. ADJOURNMENT: NEXT MEETING** – The next scheduled meeting will be March 19, 2026.



KERN COUNCIL OF GOVERNMENTS

Minutes of the Meeting of January 15, 2026

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

THURSDAY  
January 15, 2026  
6:30 P.M.

The meeting was called to order by Chairman Smith at 7:06 p.m.

**I. ROLL CALL:**

**Members Present:** O. Calderon; B. Smith; M. Hawkins; B. Osorio; S. Ayon; S. Gorman; P. Espinoza; D. Noerr; P. Smith; G. Reyna; D. Couch; C. Parlier

**Congestion Management Agency Ex-Officio Members:** C. Parra; S. Gunn; N. Peacock; M. Warney

**Members Absent:** C. Morse

**Others:**

**Staff:** Ceasar Valle; Rob Ball; Michael Heimer; Rochelle Invina-Jayasiri; Irene Enriquez; Karl Davisson; Angie Banuelos; Victoria Romero Valdivia; Melody Saberon Ybarra

- 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.**

None.

- 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 – November 20, 2025**

**B. Concurrence in Actions of TPPC**

**C. Response to Public Comments**

**D. Amendment to EV Ready Communities Memoranda of Understanding between Kern COG and City of McFarland as funded by the California Energy Commission Agreement ARV-20-010-01**

**Action:** Approve the Amendment to Memoranda of Understanding between Kern Council of Governments and City of McFarland; authorize Chair to Sign. **ROLL CALL VOTE**

**E. Local Clearinghouse:**

The State Clearinghouse (SCH) notifies state and local elected officials and agencies and the public of the grant applications through the Submissions page of the Office of Planning and Research Intergovernmental Review of Federal Programs website email and via email notifications to registered users of the website. This notification process allows elected officials and agencies and the public the opportunity to review applications and the option to comment on a particular application. Since the SCH does not receive a complete copy of the federal assistance full proposal or budget, any person wishing to review a proposal further must contact the applicant directly for more information. Kern COG takes no position on any of the projects presented but provides the information for public consideration only.

**Applicant: CSUB Auxiliary for Sponsored Programs Administration**

Address: 9001 Stockdale Hwy  
Bakersfield, CA 93311-1022  
Contact: Daphne Evans  
Telephone Number: (661) 654-2253  
Email Address: [devans6@csub.edu](mailto:devans6@csub.edu)

**Federal Agency: Department of Education**

Assistance Listing Number: 84.116  
Funding Opportunity Number: ED-GRANTS-111225-001  
Title: Office of Postsecondary Education (OPE): Fund for the Improvement of Postsecondary Education (FIPSE): Special Projects; Assistance  
Listing Number (ALN) 84.116J  
Description: CATALYST: Cultivating Adaptive Teaching And Learning with AI-Supported Technologies

**Federal Funds:** \$ 3,967,313.00

**State Funds:**

**Program Income:**

**Total Funds:** \$ 3,967,313.00

**Action:** Information.

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

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

**IV. KERN COG REGIONAL AWARD OF MERIT CEREMONY**

**Action:** Information.

**V. CONGESTION MANAGEMENT AGENCY: (None)**

**VI. KERN MOTORIST AID AUTHORITY: (None)**

**VII. MEETING REPORTS: (None)**

**VIII. EXECUTIVE DIRECTOR'S REPORT:**

**Executive Director Schlosser made the following comments:**

- Anticipating March-April-May Council Visits to introduce the RTP/EIR/SCS/FTIP/Conformity adoption.
- Speaking Engagements.
- TDA Agency Audits – Due March 17
- Regional Awards RSVPs. We sell out, we need to know ASAP if you are interested.
- Board Folder Items
  - Timeline
  - Complete form 700s

**IX. MEMBER STATEMENTS:** None.

**X. CLOSED SESSION:** None.

**XI. ADJOURNMENT:** Seeing no other comments, the meeting adjourned at 7:23 p.m. - **NEXT MEETING – February 19, 2026.**

Respectfully submitted,

ATTEST:

\_\_\_\_\_  
Jay Schlosser, Executive Director

\_\_\_\_\_  
Bob Smith, Chairman

DATE: \_\_\_\_\_





# IV. COG

February 19,2026

TO: Kern Council of Governments Board

FROM: Jay Schlosser, Executive Director

By: Sarah Plank, Fiscal Services Officer

SUBJECT: Kern Council of Governments Consent Agenda Item: IV.

FY 2024/25 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, 2025.

DISCUSSION:

Staff have received the final draft of the Kern COG Annual Comprehensive Financial Reports for fiscal year ended June 30, 2025. This unmodified audit identified no material weaknesses or recommendations.

This financial and compliance audit report covers the transactions recorded in the following 11 funds and account groups:

FUND

Kern COG Special Revenue Fund

DESCRIPTION

Records the majority of Kern COG's financial activity, (#42905) 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

KMAA Enterprise Fund (#42900)	subventions. These funds are ultimately transferred to the Special Revenue Fund to reimburse eligible allocated costs.
Local Transportation Fund (#24075)	Records the financial activity of the Kern Motorist Aid Authority, including DMV fee revenues and call box system operating expenses.
State Transit Assistance Fund (#24076)	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 of Good Repair Fund (#24082)	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.
Transit and Intercity Rail Capital Program (#24083)	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.
Zero-Emission Transit Capital Program (#24084)	Records the financial activity of Kern COG serving in a custodial or fiduciary capacity as prescribed by SB125 for the one-time funding that funds transit operations or capital improvements.
Regional Early Action Planning Fund (#42906)	Records the financial activity of Kern COG serving in a custodial or fiduciary capacity as prescribed by SB125 for the one-time funding that funds zero-emission transit equipment and operations.
Public Transportation Modernization, Improvement and Service Enhancement Account Program ( <i>PTMISEA</i> ) (#42908)	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
California Transit Security Grant Program ( <i>CTSGP</i> ) (#42929)	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.
	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.

KCOG FY 2024/25 audit report has been issued as required and submitted to Federal Audit Clearing House and State Controller's Office as required.

ACTION: Information only.

Attachments: KCOG Audit Report for Fiscal Year Ended June 30, 2025  
Auditors' Letter to KCOG Board of Directors and Management of the Council

To the Board of Directors  
Kern Council of Governments

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, 2025. 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 June 6, 2025. 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, 2025, the Council adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*. We noted no transactions entered into by the Council during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates 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 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 January 5, 2026.

### *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 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 Management's Discussion and Analysis; Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual; Schedule of Changes in the Net Other Postemployment Benefits (OPEB) Liability and Related Ratios; Schedule of the Proportionate Share of the Net Pension Liability; and Schedule of Contributions – Pension, which are required supplementary information (RSI) that supplement 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 Schedule of Expenditures of Federal Awards; Combining and Individual Fund Statements and Schedules; Schedules of Expenditures by Work Element by Funding Source; Schedule of Direct and Indirect Costs; and Schedules of Allocations, Disbursements, and Operating Transfers, which accompany the financial statements but are 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, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
January 5, 2026

Current Period:  
Workpaper:

KERN COUNCIL OF GOVE  
06/30/2025  
Adjusting Journal Entries Report

Account	Description	Debit	Credit	Net Income Effect
<b>Adjusting Journal Entry #1</b>				
To post PY AJEs				
24082-2350-00-00000	Fund Balance Available	2,486,947	-	
24082-2350-00-00000	Fund Balance Available	1,577,147	-	
24082-1333-00-00000	Due to other Governments	-	4,064,094	
42905-2350-99-00000	Fund Balance Available	189,088	-	
42905-0200-99-00000	Accounts Receivable	-	46,576	
42905-1015-99-00000	Accrued Expense	-	142,512	
<b>Total</b>		<b>4,253,182</b>	<b>4,253,182</b>	<b>-</b>
<b>Adjusting Journal Entry #2</b>				
To reclass state aid				
29020-3605-00-00000	Interest	356,662	-	
29020-3955-00-00000	State Aid/Other	-	356,662	
<b>Total</b>		<b>356,662</b>	<b>356,662</b>	<b>-</b>
<b>Adjusting Journal Entry #3</b>				
To post KMAA Depreciation Expense				
42900-7990-00-00000	Depreciation	18,544	-	
42900-0735-00-00000	Accumulated Depreciation	-	18,544	
<b>Total</b>		<b>18,544</b>	<b>18,544</b>	<b>(18,544)</b>
<b>Adjusting Journal Entry #4</b>				
To reclass STA SGR Receivable				
24082-0285-00-00000	Due From Other Agencies	419,486	-	
24082-0201-00-00000	Interest Receivable	-	419,486	
<b>Total</b>		<b>419,486</b>	<b>419,486</b>	<b>-</b>
<b>Adjusting Journal Entry #5</b>				
To post GASB 87 adjustment to fund 42905				
42905-8000-99-99999	Fixed Assets	1,712,745	-	
42905-0789	Lease and Other Financing Proceeds	-	1,712,745	
42905-L-34-0845	Debt Service - Principal	149,445	-	
42905-L-34-0850	Debt Service - Interest	3,003	-	
42905-7650-99-99999	Rents & Leases/Structures	-	152,448	
<b>Total</b>		<b>1,865,193</b>	<b>1,865,193</b>	<b>-</b>
<b>Adjusting Journal Entry #6</b>				
To accrue a claim disbursement to GET.				
24083-7980-16-00000	Claims Payment/GET	28,016,505	-	
24083-1333-00-00000	Due to other Governments	-	28,016,505	
<b>Total</b>		<b>28,016,505</b>	<b>28,016,505</b>	<b>(28,016,505)</b>
<b>Adjusting Journal Entry #7</b>				
To record current year adjustment to SGR revenues.				
24082-1333-00-00000	Due to other Governments	802,186	-	
24082-3055-13-00000	Sales & Uses Tax/Kern Outside GET	-	802,186	
<b>Total</b>		<b>802,186</b>	<b>802,186</b>	<b>802,186</b>
<b>GRAND TOTAL</b>		<b>35,731,758</b>	<b>35,731,758</b>	<b>(27,232,863)</b>

**KERN COUNCIL OF GOVERNMENTS**

**AUDIT REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2025**

**KERN COUNCIL OF GOVERNMENTS  
AUDIT REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	4
 <b><u>BASIC FINANCIAL STATEMENTS</u></b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	9
Statement of Activities .....	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities .....	14
Statement of Net Position – Enterprise Fund .....	15
Statement of Revenues, Expenses, and Changes in Net Position – Enterprise Fund.....	16
Statement of Cash Flows – Enterprise Fund .....	17
Statement of Fiduciary Net Position – Custodial Funds .....	18
Statement of Changes in Fiduciary Net Position – Custodial Funds .....	19
Notes to the Basic Financial Statements .....	20
 <b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Budget and Actual – Planning and Administration Fund.....	43
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Budget and Actual – State Subvention Fund .....	44
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Budget and Actual – Regional Early Action Planning Fund .....	45
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – California Transit Security Grant Program .....	46

	<u>Page</u>
Schedule of Changes in the Net OPEB Liability and Related Ratios .....	47
Schedule of the Proportionate Share of the Net Pension Liability .....	48
Schedule of Contributions – Pension.....	49
Note to Required Supplementary Information.....	50

## SUPPLEMENTARY INFORMATION

### Combining and Individual Fund Statements and Schedules:

Combining Statement of Fiduciary Net Position – Custodial Funds.....	51
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds.....	52
Schedule of Expenditures by Work Element by Funding Source – Budget and Actual – Planning and Administration Fund .....	53
Schedule of Expenditures by Work Element by Funding Source – Reconciliation to Total Planning and Administration Expenditures .....	58
Schedule of Direct and Indirect Costs – Planning and Administration Fund .....	59
Schedule of Allocations, Disbursements, and Operating Transfers – Local Transportation Fund.....	60
Schedule of Allocations, Disbursements, and Operating Transfers – State Transit Assistance Fund.....	62
Schedule of Expenditures of Federal Awards.....	63
Notes to Schedule of Expenditures of Federal Awards .....	64

## 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 <i>Government Auditing Standards</i> and the Transportation Development Act .....	65
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	67

## FINDINGS AND RECOMMENDATIONS

Schedule of Findings and Questioned Costs.....	70
--	----

---

## 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, 2025, 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, 2025, 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 January 5, 2026, 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

Handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation".

Bakersfield, California  
January 5, 2026

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**KERN COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, 2025. 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 assets and deferred outflows of resources of the Council exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$550,554 (*net position*). Of this amount, \$431,786 (*unrestricted net position*) may be used to meet the Council's ongoing obligations to citizens and creditors.
- The Council's total net position increased by \$1,148,189. This net increase is mostly attributable to the governmental activities in the Planning and Administration Fund.
- As of June 30, 2025, the Council's governmental funds reported combined ending fund balances (deficit) of \$987,213. Of this amount, \$923,166 is unassigned fund balance and \$64,047 is nonspendable.
- As of June 30, 2025, unassigned fund balance for the Planning and Administration Fund was \$531,287.

**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 - 41 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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$550,554 at the close of the current fiscal year.

### KERN COUNCIL OF GOVERNMENTS NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 6,539,523	\$ 5,065,614	\$ 3,618,286	\$ 3,180,949	\$ 10,157,809	\$ 8,246,563
Capital assets, net	1,620,257	46,001	61,811	80,355	1,682,068	126,356
<b>Total assets</b>	<b>8,159,780</b>	<b>5,111,615</b>	<b>3,680,097</b>	<b>3,261,304</b>	<b>11,839,877</b>	<b>8,372,919</b>
Deferred outflows of resources	1,226,545	1,661,402	-	-	1,226,545	1,661,402
Current liabilities	1,493,799	922,718	107,556	534	1,601,355	923,252
Noncurrent liabilities	10,270,330	9,097,307	-	-	10,270,330	9,097,307
<b>Total liabilities</b>	<b>11,764,129</b>	<b>10,020,025</b>	<b>107,556</b>	<b>534</b>	<b>11,871,685</b>	<b>10,020,559</b>
Deferred inflows of resources	644,183	611,397	-	-	644,183	611,397
Net position (deficit)						
Net investment in capital assets	56,957	46,001	61,811	80,355	118,768	126,356
Unrestricted	(3,078,944)	(3,904,406)	3,510,730	3,180,415	431,786	(723,991)
<b>Total net position (deficit)</b>	<b>\$ (3,021,987)</b>	<b>\$ (3,858,405)</b>	<b>\$ 3,572,541</b>	<b>\$ 3,260,770</b>	<b>\$ 550,554</b>	<b>\$ (597,635)</b>

A portion of the Council's net position, \$118,768, 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 2024 financial statements, the Council recorded transfers for the State Subvention Special Revenue Fund, the Kern Motorist Aid Authority Fund, and the Regional Early Action Planning Fund and credited transfers within the Planning and Administration Fund.

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program revenues						
Charges for services	\$ -	\$ -	\$ 779,295	\$ 908,768	\$ 779,295	\$ 908,768
Operating grants and contributions	8,484,256	7,979,107	-	-	8,484,256	7,979,107
General revenues						
Investment income	77,927	73,537	81,113	110,100	159,040	183,637
Miscellaneous	-	103,542	-	-	-	103,542
Transfers - interfund	73,380	41,173	(73,380)	(41,173)	-	-
<b>Total revenues</b>	<b>8,635,563</b>	<b>8,197,359</b>	<b>787,028</b>	<b>977,695</b>	<b>9,422,591</b>	<b>9,175,054</b>
Expenses						
Transportation planning	7,799,145	7,091,408	-	-	7,799,145	7,091,408
Public safety - call boxes	-	-	475,257	481,862	475,257	481,862
<b>Total expenses</b>	<b>7,799,145</b>	<b>7,091,408</b>	<b>475,257</b>	<b>481,862</b>	<b>8,274,402</b>	<b>7,573,270</b>
Changes in net position	836,418	1,105,951	311,771	495,833	1,148,189	1,601,784
Net position - beginning, as previously reported	(3,858,405)	(5,203,973)	3,260,770	2,764,937	(597,635)	(2,439,036)
Restatement for error correction	-	239,617	-	-	-	239,617
Net position - beginning, as restated	(3,858,405)	(4,964,356)	3,260,770	2,764,937	(597,635)	(2,199,419)
Net position - June 30	<u>\$ (3,021,987)</u>	<u>\$ (3,858,405)</u>	<u>\$ 3,572,541</u>	<u>\$ 3,260,770</u>	<u>\$ 550,554</u>	<u>\$ (597,635)</u>

**Governmental Activities.** Governmental activities increased the Council's net position by \$836,418. The key element of this increase is the impact between revenues and expenses.

**Business-Type Activities.** Business-type activities increased the Council's net position by \$311,771. 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, unassigned 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, 2025, the Council's governmental funds reported combined ending fund balances of \$987,213.

The Planning and Administration Fund is the Council's chief operating fund. As of June 30, 2025, unassigned fund balance of the Planning and Administration Fund was \$531,287, while total fund balance reached \$595,334.

The fund balance of the Council's Planning and Administration Fund increased by \$560,775 during the fiscal year ended June 30, 2025.

**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 \$3,510,730. The total increase in net position for the Kern Motorist Aid Authority Fund was \$311,771. 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**

Of the \$1,629,351 decrease in revenues over budget, federal sources decreased by \$277,637, state sources decreased by \$2,305,400, and local sources increased by \$916,105. 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, 2025, amounted to \$1,682,068 (net of accumulated depreciation/amortization).

**KERN COUNCIL OF GOVERNMENTS  
CAPITAL ASSETS**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Office furniture	\$ 25,398	\$ 25,398	\$ -	\$ -	\$ 25,398	\$ 25,398
Office equipment	78,143	78,143	-	-	78,143	78,143
Computer equipment	777,607	716,140	-	-	777,607	716,140
Software	60,404	60,404	-	-	60,404	60,404
Traffic counters	10,833	10,833	-	-	10,833	10,833
Right-to-use leased asset	1,712,745	430,531	-	-	1,712,745	430,531
Message boards			185,435	185,435	185,435	185,435
Less accumulated depreciation/amortization	(1,044,873)	(1,275,448)	(123,624)	(105,080)	(1,168,497)	(1,380,528)
Total capital assets, net	\$ 1,620,257	\$ 46,001	\$ 61,811	\$ 80,355	\$ 1,682,068	\$ 126,356

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. Jay Schlosser, Kern Council of Governments Executive Director, 1401 19<sup>th</sup> Street, Suite 300, Bakersfield, California 93301, and (661) 861-2191.

## **BASIC FINANCIAL STATEMENTS**

**KERN COUNCIL OF GOVERNMENTS  
STATEMENT OF NET POSITION  
JUNE 30, 2025**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 3,153,558	\$ 3,487,586	\$ 6,641,144
Due from Other Governments	3,248,538	177,666	3,426,204
Internal Balances	73,380	(73,380)	-
Prepays	64,047	26,414	90,461
Total Current Assets	<u>6,539,523</u>	<u>3,618,286</u>	<u>10,157,809</u>
Noncurrent Assets			
Capital Assets (Net of Accumulated Depreciation/Amortization)	<u>1,620,257</u>	<u>61,811</u>	<u>1,682,068</u>
<b>TOTAL ASSETS</b>	<u>8,159,780</u>	<u>3,680,097</u>	<u>11,839,877</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB	1,011	-	1,011
Pension	1,225,534	-	1,225,534
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,226,545</u>	<u>-</u>	<u>1,226,545</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 9,386,325</u>	<u>\$ 3,680,097</u>	<u>\$ 13,066,422</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 884,282	\$ 107,556	\$ 991,838
Salaries Payable	85,440	-	85,440
Unearned Revenue	366,367	-	366,367
Lease Liability, Current	157,710	-	157,710
Total Current Liabilities	<u>1,493,799</u>	<u>107,556</u>	<u>1,601,355</u>
Noncurrent Liabilities			
Advances from Fiduciary Funds	4,216,221	-	4,216,221
Net Pension Liability	2,738,360	-	2,738,360
Net OPEB Liability	1,227,526	-	1,227,526
Lease Liability, Noncurrent	1,405,590	-	1,405,590
Compensated Absences	682,633	-	682,633
Total Noncurrent Liabilities	<u>10,270,330</u>	<u>-</u>	<u>10,270,330</u>
<b>TOTAL LIABILITIES</b>	<u>11,764,129</u>	<u>107,556</u>	<u>11,871,685</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB	358,294	-	358,294
Pension	285,889	-	285,889
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>644,183</u>	<u>-</u>	<u>644,183</u>
<b>NET POSITION (DEFICIT)</b>			
Net Investment in Capital Assets	56,957	61,811	118,768
Unrestricted	(3,078,944)	3,510,730	431,786
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>(3,021,987)</u>	<u>3,572,541</u>	<u>550,554</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)</b>	<u>\$ 9,386,325</u>	<u>\$ 3,680,097</u>	<u>\$ 13,066,422</u>

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, 2025**

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	
<b>PRIMARY GOVERNMENT</b>						
<b>GOVERNMENTAL ACTIVITIES:</b>						
Transportation Planning	\$ 7,799,145	\$ -	8,484,256	\$ 685,111	\$ -	\$ 685,111
<b>BUSINESS-TYPE ACTIVITIES:</b>						
Public Safety - Call Boxes	475,257	779,295	-	-	304,038	304,038
Total	<u>\$ 8,274,402</u>	<u>\$ 779,295</u>	<u>\$ 8,484,256</u>	685,111	304,038	989,149
<b>GENERAL REVENUES:</b>						
Investment Income				77,927	81,113	159,040
Transfers - Interfund				73,380	(73,380)	-
Total General Revenues				<u>151,307</u>	<u>7,733</u>	<u>159,040</u>
Change in Net Position				836,418	311,771	1,148,189
Net Position - Beginning				<u>(3,858,405)</u>	<u>3,260,770</u>	<u>(597,635)</u>
Net Position - Ending				<u>\$ (3,021,987)</u>	<u>\$ 3,572,541</u>	<u>\$ 550,554</u>

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

**KERN COUNCIL OF GOVERNMENTS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	<u>Planning and Administration</u>	<u>State Subvention</u>	<u>Regional Early Action Planning</u>	<u>California Transit Security Grant Program</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,343,055	\$ 372,386	\$ 438,012	\$ 105	\$ 3,153,558
Intergovernmental Receivable	2,137,319	789,701	321,517	1	3,248,538
Due from Other Funds	1,236,856	-	-	-	1,236,856
Prepaid Expense	64,047	-	-	-	64,047
<b>Total Assets</b>	<b>\$ 5,781,277</b>	<b>\$ 1,162,087</b>	<b>\$ 759,529</b>	<b>\$ 106</b>	<b>\$ 7,702,999</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 884,282	\$ -	\$ -	\$ -	\$ 884,282
Due to Other Funds	-	549,988	613,488	-	1,163,476
Salaries Payable	85,440	-	-	-	85,440
Advances from Fiduciary Funds	4,216,221	-	-	-	4,216,221
Unearned Revenue	-	-	366,367	-	366,367
<b>Total Liabilities</b>	<b>5,185,943</b>	<b>549,988</b>	<b>979,855</b>	<b>-</b>	<b>6,715,786</b>
Fund Balances (Deficit):					
Nonspendable	64,047	-	-	-	64,047
Unassigned	531,287	612,099	(220,326)	106	923,166
<b>Total Fund Balances (Deficit)</b>	<b>595,334</b>	<b>612,099</b>	<b>(220,326)</b>	<b>106</b>	<b>987,213</b>
<b>Total Liabilities and Fund Balances (Deficit)</b>	<b>\$ 5,781,277</b>	<b>\$ 1,162,087</b>	<b>\$ 759,529</b>	<b>\$ 106</b>	<b>\$ 7,702,999</b>

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, 2025**

**Total Fund Balances (Deficit) - Total Governmental Funds** \$ 987,213

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	\$ 2,665,130	
Accumulated Depreciation/Amortization	<u>(1,044,873)</u>	1,620,257

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	1,225,534	
Deferred Outflows of Resources - OPEB	1,011	
Deferred Inflows of Resources - Pension	(285,889)	
Deferred Inflows of Resources - OPEB	<u>(358,294)</u>	582,362

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		(2,738,360)
Net OPEB Liability		(1,227,526)
Compensated Absences		<u>(682,633)</u>

**Net Position of Governmental Activities** **\$ (3,021,987)**

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, 2025**

	Planning and Administration	State Subvention	Regional Early Action Planning	California Transit Security Grant Program	Total Governmental Funds
<b>REVENUES</b>					
Federal	\$ 2,294,701	\$ -	\$ -	\$ -	\$ 2,294,701
State	2,302,483	1,141,487	404,585	-	3,848,555
Local	2,341,000	-	-	-	2,341,000
Interest	73,453	4,470	-	4	77,927
	<u>7,011,637</u>	<u>1,145,957</u>	<u>404,585</u>	<u>4</u>	<u>8,562,183</u>
Total Revenues					
<b>EXPENDITURES</b>					
Transportation Planning and Administration:					
Professional Services	2,755,061	-	426,460	-	3,181,521
Salaries and Wages	2,052,859	-	-	-	2,052,859
Employee Benefits	1,531,409	-	-	-	1,531,409
Rents and Leases	11,827	-	-	-	11,827
Transportation and Travel	34,849	-	-	-	34,849
Data Processing	87,708	-	-	-	87,708
Office	324,905	-	-	-	324,905
Insurance	30,437	-	-	-	30,437
Debt Service - Lease Principal	149,445	-	-	-	149,445
Debt Service - Lease Interest	3,003	-	-	-	3,003
Capital Outlay	1,774,212	-	-	-	1,774,212
Mileage Reimbursement	5,758	-	-	-	5,758
Memberships	27,391	-	-	-	27,391
Publications and Notices	28,023	-	-	-	28,023
Communications	19,972	-	-	-	19,972
Maintenance	22,536	-	-	-	22,536
Training and Development	1,915	-	-	-	1,915
	<u>8,861,310</u>	<u>-</u>	<u>426,460</u>	<u>-</u>	<u>9,287,770</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,849,673)</u>	<u>1,145,957</u>	<u>(21,875)</u>	<u>4</u>	<u>(725,587)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Lease Proceeds	1,712,745	-	-	-	1,712,745
Transfers In	697,703	-	-	-	697,703
Transfers Out	-	(549,988)	(74,335)	-	(624,323)
	<u>2,410,448</u>	<u>(549,988)</u>	<u>(74,335)</u>	<u>-</u>	<u>1,786,125</u>
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	560,775	595,969	(96,210)	4	1,060,538
Fund Balances (Deficit) at Beginning of Year	<u>34,559</u>	<u>16,130</u>	<u>(124,116)</u>	<u>102</u>	<u>(73,325)</u>
Fund Balances (Deficit) at End of Year	<u>\$ 595,334</u>	<u>\$ 612,099</u>	<u>\$ (220,326)</u>	<u>\$ 106</u>	<u>\$ 987,213</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, 2025**

**Net Change in Fund Balances (Deficit) - Total Governmental Funds** **\$ 1,060,538**

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. 1,774,212

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. (199,956)

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	(1,712,745)
Debt Service - Lease Principal	149,445

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.	(52,562)
---	----------

OPEB	51,520
Compensated Absences	<u>(234,034)</u>

**Change in Net Position of Governmental Activities** **\$ 836,418**

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

**KERN COUNCIL OF GOVERNMENTS  
STATEMENT OF NET POSITION  
ENTERPRISE FUND  
JUNE 30, 2025**

	Kern Motorist Aid Authority
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 3,487,586
Intergovernmental Receivable	177,666
Prepaid Expenses	26,414
Total Current Assets	3,691,666
Noncurrent Assets	
Capital Assets (Net of Accumulated Depreciation/Amortization)	61,811
<b>TOTAL ASSETS</b>	<b>\$ 3,753,477</b>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 107,556
Due to Other Funds	73,380
Total Current Liabilities	180,936
<b>NET POSITION</b>	
Net Investment in Capital Assets	61,811
Unrestricted	3,510,730
Total Net Position	3,572,541
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 3,753,477</b>

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, 2025**

	<u>Kern Motorist Aid Authority</u>
<b>OPERATING REVENUES</b>	
Registration Fees	\$ 779,295
Total Operating Revenues	<u>779,295</u>
<b>OPERATING EXPENSES</b>	
Professional and Special Services	409,996
Insurance	607
Communications Charges	110
Publication and Notices	46,000
Depreciation/Amortization	<u>18,544</u>
Total Operating Expenses	<u>475,257</u>
Operating Income	<u>304,038</u>
<b>NONOPERATING REVENUES</b>	
Interest	<u>81,113</u>
Total Nonoperating Revenues	<u>81,113</u>
Income Before Transfers	<u>385,151</u>
<b>TRANSFERS</b>	
Transfers Out	<u>(73,380)</u>
Change in Net Position	311,771
Net Position, Beginning	<u>3,260,770</u>
Net Position, Ending	<u><u>\$ 3,572,541</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, 2025**

	<u>Kern Motorist Aid Authority</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Receipts from Customers	\$ 789,515
Cash Payments to Suppliers of Goods or Services	<u>(598,648)</u>
Net Cash Provided by Operating Activities	<u>190,867</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Operating Transfers to Other Funds	<u>(73,380)</u>
Net Cash Used by Non-Capital Financing Activities	<u>(73,380)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	<u>81,113</u>
Net Cash Provided by Investing Activities	<u>81,113</u>
Net Increase in Cash and Cash Equivalents	198,600
Cash and Cash Equivalents, Beginning of Year	<u>3,288,986</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,487,586</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating Income	\$ 304,038
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation/Amortization	18,544
Changes in Assets and Liabilities:	
(Increase) in Due From Other Governments	(8,324)
(Increase) in Prepaid Expenses	(26,414)
Increase in Accounts Payable	107,022
(Decrease) in Due to Other Funds	<u>(203,999)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 190,867</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, 2025**

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 275,791,681
Due from Other Governments, Net	12,823,176
Interest Receivable	2,627,411
Advances Receivable	7,112,267
<b>TOTAL ASSETS</b>	<b>\$ 298,354,535</b>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Due to Other Governments	\$ 31,278,413
Unearned Revenue	2,714
<b>TOTAL LIABILITIES</b>	<b>31,281,127</b>
<b>NET POSITION</b>	
Unassigned	267,073,408
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 298,354,535</b>

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, 2025**

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Sales Tax	\$ 73,485,514
Interest	5,923,372
Other	51,329,661
<b>TOTAL ADDITIONS</b>	<b>130,738,547</b>
<b>DEDUCTIONS</b>	
Claims Disbursements	87,527,456
Administration	1,620,028
<b>TOTAL DEDUCTIONS</b>	89,147,484
Change in Net Position	41,591,063
Net Position at Beginning of Year	225,482,345
Net Position at End of Year	<b>\$ 267,073,408</b>

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, 2025**

**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 ¼ cent of the State's 7¼ percent retail sales tax collected statewide. The ¼ 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. 101 – *Compensated Absences***. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The implementation of this standard has been reflected in the Council's accounting records.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. New Accounting Pronouncements (Continued)

**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. There was no effect on the Council's accounting and financial reporting as a result of implementing this standard.

### C. Future Accounting Pronouncements

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

**GASB Statement No. 103 – *Financial Reporting Model*.** The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, 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.

**GASB Statement No. 104 – *Disclosure of Certain Capital Assets*.** The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, 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.

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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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.

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.
- The Transit and Intercity Rail Capital Program (TIRCP). Pursuant to Senat Bill (SB) 125 (Chapter 54, Statutes of 2023), TIRCP formula funds are distributed to regional transportation planning agencies on a population-based formula. These resources may be used for transit operations and/or eligible transit capital improvements consistent with TIRCP program objectives. The Council holds these resources in a custodial capacity and allocates them to eligible claimants in accordance with State requirements and guidelines.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- The Zero Emission Transit Capital Program (ZETCP). SB 125 also established the ZETCP, with funding allocated to regional transportation planning agencies using a population-based formula and an additional revenue-based formula. ZETCP resources are intended to support zero-emission transit equipment and related transit operating expenditures. The Council holds these resources in a custodial capacity and allocates them to eligible claimants in accordance with State requirements and guidelines.

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.

#### 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.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

#### 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.
- 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

Compensated absences are reported in accordance with GASB Statement No. 101 (effective for fiscal years beginning after December 15, 2023). In the government-wide financial statements, the Council recognizes a liability for compensated absences for (1) leave that has not been used when it is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means, and (2) leave that

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

5. Compensated Absences (Continued)

has been used but not yet paid or settled. In the governmental funds, compensated absences are reported as expenditures and fund liabilities to the extent the liabilities are due and payable and are expected to be liquidated with available financial resources. Management estimates the portion of sick leave that is more likely than not to be used and/or settled (including amounts expected to be taken or paid as terminal leave. Changes in compensated absences during the current year are as follows:

<u>July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2025</u>
\$ 448,599	\$ 207,869	\$ -	\$ 682,633

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.

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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

6. Fund Balance/Net Position (Continued)

- 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, 2025, expenditures exceeded final appropriations in individual funds as follows:

<u>Fund</u>	<u>Expenditures</u>
Planning and Administration Fund	
Employee Benefits	\$ 328,662
Data Processing	39,288
Office	301,449
Insurance	437
Debt Service - Lease Principal	149,445
Debt Service - Lease Interest	3,003
Capital Outlay	1,757,212
Memberships	6,816
Telephone	4,852
Maintenance	11,536
Regional Early Action Planning Fund	
Professional Services	426,460

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, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Primary Government:	
Cash in County Treasury	\$ 6,641,144
Fiduciary Funds:	
Cash in County Treasury	<u>275,791,681</u>
Total Cash and Cash Equivalents	<u><u>\$ 282,432,825</u></u>

Cash and cash equivalents as of June 30, 2025, consist of the following:

County Investment Pool	<u>\$ 282,432,825</u>
Total Cash and Cash Equivalents	<u><u>\$ 282,432,825</u></u>

#### ***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**.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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

**NOTE 3 – CASH AND CASH EQUIVALENTS** (Continued)

***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.

Investment Type	Amount	Remaining Maturity			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
County Investment Pool	\$ 282,432,825	\$ 282,432,825	\$ -	\$ -	\$ -
Totals	\$ 282,432,825	\$ 282,432,825	\$ -	\$ -	\$ -

***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	\$ 282,432,825	N/A	\$ 282,432,825	\$ -	\$ 282,432,825
Total	\$ 282,432,825	N/A	\$ 282,432,825	\$ -	\$ 282,432,825

**NOTE 4 – DUE FROM OTHER GOVERNMENTAL ENTITIES AND ACCOUNTS RECEIVABLE**

Individual receivables from other governmental entities for services rendered at June 30, 2025, consist of the following:

Governmental Funds:

Federal	
Formula Allocation PL (Planning)	\$ 362,461
Discretionary Grant - CMAQ	28,080
Discretionary Grant - RSTP	26,002
Urban Technical Studies (FTA 5303 and 5304)	64,614
State	
Active Transportation Program	35,873
Caltrans SHA	643,604
Senate Bill 1	6,966
State Transportation Improvement Program	550,036
California Energy Commission (EV Program)	282,751
HCD (REAP) and HSIP	613,489
Local	
Planning and Administration	634,662

Enterprise Fund:

State	
Services Authority for Freeway Emergencies	177,666

Total	<u>\$ 3,426,204</u>
-------	---------------------

**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, 2025, interfund receivables and payables were as follows:

***Due from/to other funds:***

Funds	Interfund Receivables	Interfund Payables
Governmental Funds:		
Planning and Administration Fund	\$ 1,236,856	\$ -
State Subvention Fund	-	549,988
Regional Early Action Planning Fund	-	613,488
Enterprise Funds:		
Kern Motorist Aid Authority Fund	-	73,380
Total	<u>\$ 1,236,856</u>	<u>\$ 1,236,856</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, 2025, fiscal year were as follows:

Funds	Transfers In	Transfers Out
<b>Governmental Funds:</b>		
Planning and Administration Fund	\$ 697,703	\$ -
State Subvention Fund	-	549,988
Regional Early Action Planning Fund	-	74,335
<b>Enterprise Funds:</b>		
Kern Motorist Aid Authority Fund	-	73,380
<b>Total</b>	<u>\$ 697,703</u>	<u>\$ 697,703</u>

Transfer of \$549,988 from the State Subvention Fund to the Planning and Administration Fund for planning and administration expenditures related to the State Subvention grant.

Transfer of \$74,335 from the Regional Early Action Planning Fund to the Planning and Administration Fund for planning and administration expenditures.

Transfer of \$73,380 from the Kern Motorist Aid Authority Fund to the Planning and Administration Fund for 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, 2025:

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025
<b>Governmental Activities</b>				
<b>Capital Assets, Being Depreciated/Amortized</b>				
Office Furniture	\$ 25,398	\$ -	\$ -	\$ 25,398
Office Equipment	78,143	-	-	78,143
Computer Equipment	716,140	61,467	-	777,607
Software	60,404	-	-	60,404
Traffic Counters	10,833	-	-	10,833
Right-to-Use Leased Asset	430,531	1,712,745	(430,531)	1,712,745
Total Capital Assets, Being Depreciated/Amortized	1,321,449	1,774,212	(430,531)	2,665,130
Less Accumulated Depreciation/Amortization	(1,275,448)	(199,956)	430,531	(1,044,873)
<b>Capital Assets, Being Depreciated/Amortized, Net</b>	<u>\$ 46,001</u>	<u>\$ 1,574,256</u>	<u>\$ -</u>	<u>\$ 1,620,257</u>
<b>Business-Type Activities</b>				
<b>Capital Assets, Being Depreciated/Amortized</b>				
Message Boards	\$ 185,435	\$ -	\$ -	\$ 185,435
Total Capital Assets, Being Depreciated/Amortized	185,435	-	-	185,435
Less Accumulated Depreciation/Amortization	(105,080)	(18,544)	-	(123,624)
<b>Capital Assets, Being Depreciated/Amortized, Net</b>	<u>\$ 80,355</u>	<u>\$ (18,544)</u>	<u>\$ -</u>	<u>\$ 61,811</u>

Depreciation/amortization expense charged to governmental activities transportation planning and administration function was \$199,956 and for business-type activities public safety – message boards was \$18,544 for the fiscal year ended June 30, 2025.

**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, 2025, the Council received \$0 in funds and received \$68 in interest on funds. The Council expended \$0 in PTMISEA related expenses for the TDA during the current year. PTMISEA funds are as follows:

<b>Schedule of PTMISEA Proposition 1B Funds For the Fiscal Year Ended June 30, 2025</b>	
<b>Description</b>	<b>PTMISEA</b>
<b>Balance - Beginning of Year</b>	\$ 2,646
<b>Receipts:</b>	
Interest Accrued July 1, 2024 Through June 30, 2025	68
<b>Expenses:</b>	
Related Expenses/Disbursements	-
<b>Balance - End of Year</b>	<u>\$ 2,714</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, 2025, the Council expended \$426,460 of the funding, offset by \$404,585 in receipts and \$0 in interest. The remaining \$366,367 has been recorded as unearned revenue as of June 30, 2025.

## **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, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023 total pension liability. Both the June 30, 2023, total pension liability and the June 30, 2024 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	6.80%
Mortality Rate Table <sup>1</sup>	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

<sup>1</sup> 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.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10<sup>1,2</sup></u>
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%

<sup>1</sup> An expected price inflation of 2.3% used for this period.

<sup>2</sup> 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, 2023). 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, 2024). 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, 2024, less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2023-24).
- (3) The Council's TPL, FNP, and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the Council'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 Council'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 Council'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 Council on behalf of its plan during the measurement period.

- (6) The Council'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 Council's proportionate share of TPL and FNP.

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

The Council'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 Council'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, 2023 (Measurement Date)	<u>\$ 17,255,994</u>	<u>\$ 14,193,240</u>	<u>\$ 3,062,754</u>
Balance at June 30, 2024 (Measurement Date)	<u>18,804,828</u>	<u>16,066,468</u>	<u>2,738,360</u>
Net Changes During 2023-24	<u>\$ 1,548,834</u>	<u>\$ 1,873,228</u>	<u>\$ (324,394)</u>

**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, 2025, the Council reports other amounts for the plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions	\$ 70,382	\$ -
Differences between Expected and Actual Experience	236,756	9,238
Differences between Projected and Actual Investment Earnings	157,644	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	201,054
Change in Employer's Proportion	42,435	75,597
Pension Contributions Made Subsequent to Measurement Date	718,317	-
	<u>\$ 1,225,534</u>	<u>\$ 285,889</u>

The \$718,317 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, 2026.

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>	
2026	\$ 52,863
2027	257,417
2028	(34,930)
2029	(54,022)
Total	<u>\$ 221,328</u>

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

The following presents the net pension liability of the Council 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:

	<b>Discount Rate - 1% (5.90%)</b>	<b>Discount Rate (6.90%)</b>	<b>Discount Rate + 1% (7.90%)</b>
Council's Net Pension Liability	\$ 5,275,891	\$ 2,738,360	\$ 649,599

**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:

<u>All Employees</u>	
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, 2025, the following employees were covered by the benefit term:

	<u>June 30, 2025</u>
Inactive Employees Currently Receiving Benefit Payments	10
Participating Active Employees	<u>18</u>
Total Number of Participants	<u><u>28</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, 2025, Council reported a net OPEB liability of \$1,227,526. The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2025, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2025
Actuarial Cost Method	Entry age
Inflation Rate	2.5% per year
Investment Return/Discount Rate	5.2%, 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), this assumption is only used to determine the accrual pattern of the Actuarial Present Value of Projected Benefit Payments.
Fiduciary Net Position (FNP)	Not applicable as the Council's OPEB plan does not have any assets or investments.
Mortality Rates	2021 CalPERS Mortality for Miscellaneous and Schools Employees
Retirement Rates	Hired 2013 and later: 2021 CalPERS 2.0%@62 Rates for Miscellaneous Employees Hired 2012 and earlier: 2021 CalPERS 2.5%@55 Rates for Miscellaneous Employees
Turnover Rates	2021 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, 2025:

	<b>Discount Rate 1% Lower (4.20%)</b>	<b>Valuation Discount Rate (5.20%)</b>	<b>Discount Rate 1% Higher (6.20%)</b>
Net OPEB Liability	\$ 1,374,966	\$ 1,227,526	\$ 1,118,814

**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, 2025:

	<b>Trend 1% Lower (3.00%)</b>	<b>Healthcare Cost Trend (4.00%)</b>	<b>Trend 1% Higher (5.00%)</b>
Net OPEB Liability	\$ 1,210,237	\$ 1,227,526	\$ 1,231,874

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

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, 2025.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 6/30/2024 Measurement Date	\$ 1,369,733	\$ -	\$ 1,369,733
Changes Recognized for the Measurement Period:			
Service Cost	53,985	-	53,985
Interest on Total OPEB Liability	53,712	-	53,712
Employer Contributions	-	60,000	(60,000)
Benefit Payments	(60,000)	(60,000)	-
Experience (Gains)/Losses	-	-	-
Changes in Assumptions	(189,904)	-	(189,904)
Net Changes During 2024-25	(142,207)	-	(142,207)
Actual Balance at 6/30/2025 Measurement Date	\$ 1,227,526	\$ -	\$ 1,227,526

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the fiscal year ended June 30, 2025, the Council recognized OPEB expense of \$59,900. 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, 2025, 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	\$ -	\$ 90,911
Changes in Assumptions	1,011	267,383
Total Deferred Outflows and Inflows of Resources	\$ 1,011	\$ 358,294

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,	
2026	\$ (123,045)
2027	(85,102)
2028	(56,958)
2029	(55,504)
2030	(33,565)
Thereafter	(3,109)
Total	\$ (357,283)

## NOTE 11 – LEASES

During the fiscal year ended June 30, 2025, the Council entered into a 10-year facilities lease agreement as lessee. An initial lease liability was recorded in the amount of \$1,712,745 during the fiscal year. As of June 30, 2025, the value of the lease liability is \$1,563,300. The Council is required to make monthly principal and interest payments of \$13,391. 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 \$1,712,745 and had accumulated amortization of \$171,274.

The future principal and interest lease payments as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 157,710	\$ 2,982	\$ 160,692
2027	158,026	2,666	160,692
2028	166,582	2,342	168,924
2029	166,915	2,009	168,924
2030	175,501	1,667	177,168
Thereafter	738,566	3,069	741,635
Total	<u>\$ 1,563,300</u>	<u>\$ 14,735</u>	<u>\$ 1,578,035</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**

*Regional Early Action Planning Fund*

The Regional Early Action Planning Fund reported a deficit fund balance due to the carry forward balance and 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 – SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2025, have been evaluated for possible adjustments to the financial statements or disclosures is January 5, 2026, 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 –  
BUDGET AND ACTUAL – PLANNING AND ADMINISTRATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Federal	\$ 2,572,338	\$ 2,572,338	\$ 2,294,701	\$ (277,637)
State	4,607,883	4,607,883	2,302,483	(2,305,400)
Local	1,435,767	1,435,767	2,351,872	916,105
Interest	-	-	73,453	73,453
Other	25,000	25,000	(10,872)	(35,872)
<b>Total Revenues</b>	<b>8,640,988</b>	<b>8,640,988</b>	<b>7,011,637</b>	<b>(1,629,351)</b>
<b>EXPENDITURES</b>				
Transportation Planning and Administration:				
Professional Services	4,609,741	4,609,741	2,755,061	1,854,680
Salaries and Wages	2,132,549	2,132,549	2,052,859	79,690
Employee Benefits	1,202,747	1,202,747	1,531,409	(328,662)
Rents and Leases	160,000	160,000	11,827	148,173
Transportation and Travel	59,939	59,939	34,849	25,090
Data Processing	48,420	48,420	87,708	(39,288)
Office	23,406	23,406	324,905	(301,499)
Insurance	30,000	30,000	30,437	(437)
Debt Service - Lease Principal	-	-	149,445	(149,445)
Debt Service - Lease Interest	-	-	3,003	(3,003)
Capital Outlay	17,000	17,000	1,774,212	(1,757,212)
Depreciation Expense	21,000	21,000	-	21,000
Mileage Reimbursement	11,522	11,522	5,758	5,764
Memberships	20,575	20,575	27,391	(6,816)
Publications and Notices	33,900	33,900	28,023	5,877
Telephone	15,120	15,120	19,972	(4,852)
Maintenance	11,000	11,000	22,536	(11,536)
County Indirect Costs	3,000	3,000	-	3,000
Special District	3,500	3,500	-	3,500
Training and Development	23,781	23,781	1,915	21,866
<b>Total Expenditures</b>	<b>8,427,200</b>	<b>8,427,200</b>	<b>8,861,310</b>	<b>(434,110)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	213,788	213,788	(1,849,673)	(2,063,461)
<b>OTHER FINANCING SOURCES</b>				
Lease Proceeds	-	-	1,712,745	1,712,745
Transfers In	-	-	697,703	697,703
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>2,410,448</b>	<b>2,410,448</b>
<b>Net Change in Fund Balance (Deficit)</b>	<b>\$ 213,788</b>	<b>\$ 213,788</b>	<b>560,775</b>	<b>\$ 346,987</b>
Fund Balance at Beginning of Year			34,559	
Fund Balance at End of Year			<b>\$ 595,334</b>	

See accompanying note to required supplementary information.

**KERN COUNCIL OF GOVERNMENTS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL – STATE SUBVENTION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
State	\$ -	\$ -	\$ 1,141,487	\$ 1,141,487
Interest	-	-	4,470	4,470
Total Revenues	-	-	1,145,957	1,145,957
<b>EXPENDITURES</b>				
Transportation Planning and Administration:				
Professional Services	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	1,145,957	1,145,957
<b>OTHER FINANCING USES</b>				
Transfers Out	-	-	(549,988)	(549,988)
Total Other Financing Uses	-	-	(549,988)	(549,988)
Net Change in Fund Balance	\$ -	\$ -	595,969	\$ 595,969
Fund Balance at Beginning of Year			16,130	
Fund Balance at End of Year			\$ 612,099	

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, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State	\$ -	\$ -	\$ 404,585	\$ 404,585
Total Revenues	<u>-</u>	<u>-</u>	<u>404,585</u>	<u>404,585</u>
<b>EXPENDITURES</b>				
Transportation Planning and Administration:				
Professional Services	-	-	426,460	(426,460)
Total Expenditures	<u>-</u>	<u>-</u>	<u>426,460</u>	<u>(426,460)</u>
Deficiency of Revenues Under Expenditures	<u>-</u>	<u>-</u>	<u>(21,875)</u>	<u>(21,875)</u>
<b>OTHER FINANCING USES</b>				
Transfers Out	-	-	(74,335)	(74,335)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(74,335)</u>	<u>(74,335)</u>
Net Change in Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>(96,210)</u>	<u>\$ (96,210)</u>
Fund Balance (Deficit) at Beginning of Year			<u>(124,116)</u>	
Fund Balance (Deficit) at End of Year			<u>\$ (220,326)</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, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 4	\$ 4
Total Revenues	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
<b>EXPENDITURES</b>				
Transportation Planning and Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>4</u>	<u>\$ 4</u>
Fund Balance at Beginning of Year			<u>102</u>	
Fund Balance at End of Year			<u>\$ 106</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, 2025\***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Net OPEB liability</b>				
Service cost	\$ 53,982	\$ 55,879	\$ 55,726	\$ 74,534
Interest on total OPEB liability	53,712	53,512	50,706	37,416
Experience (gains)/losses	-	(102,513)	-	(84,906)
Changes of assumptions	(189,901)	(46,152)	(19,644)	(265,624)
Benefit payments	<u>(60,000)</u>	<u>(58,295)</u>	<u>(48,000)</u>	<u>(55,758)</u>
Net change in net OPEB liability	(142,207)	(97,569)	38,788	(294,338)
Net OPEB liability - beginning	<u>1,369,733</u>	<u>1,467,302</u>	<u>1,428,514</u>	<u>1,722,852</u>
Net OPEB liability - ending	<u>\$ 1,227,526</u>	<u>\$ 1,369,733</u>	<u>\$ 1,467,302</u>	<u>\$ 1,428,514</u>
Covered payroll	\$ 1,974,787	\$ 2,196,272	\$ 1,829,041	\$ 1,817,778
Council's net OPEB liability as a percentage of covered payroll	62.16%	62.37%	80.22%	78.59%
Measurement date	6/30/2025	6/30/2024	6/30/2023	6/30/2022
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Net OPEB liability</b>				
Service cost	\$ 71,859	\$ 32,903	\$ 29,466	\$ 28,677
Interest on total OPEB liability	36,673	51,091	48,056	50,852
Experience (gains)/losses	-	(10,907)	-	-
Changes of assumptions	9,471	165,856	55,703	-
Benefit payments	<u>(52,374)</u>	<u>(50,047)</u>	<u>(46,387)</u>	<u>(44,603)</u>
Net change in net OPEB liability	65,629	188,896	86,838	34,926
Net OPEB liability - beginning	<u>1,657,223</u>	<u>1,468,327</u>	<u>1,381,489</u>	<u>1,346,563</u>
Net OPEB liability - ending	<u>\$ 1,722,852</u>	<u>\$ 1,657,223</u>	<u>\$ 1,468,327</u>	<u>\$ 1,381,489</u>
Covered payroll	\$ 1,750,939	\$ 1,700,707	\$ 1,691,300	\$ 1,686,808
Council's net OPEB liability as a percentage of covered payroll	98.40%	97.44%	86.82%	81.90%
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018

\* Fiscal year 2018 was the first year of implementation; therefore, only eight 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, 2025  
LAST TEN YEARS**

Measurement Date	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Council's proportion of the net pension liability	0.05662%	0.06125%	0.06339%	0.04432%	0.06759%
Council's proportionate share of the net pension liability	\$ 2,738,361	\$ 3,062,754	\$ 2,965,997	\$ 841,505	\$ 2,850,980
Council's covered payroll	\$ 1,974,787	\$ 2,196,272	\$ 1,829,041	\$ 1,817,778	\$ 1,750,939
Council's proportionate share of the net pension liability as a percentage of its covered payroll	138.67%	139.45%	162.16%	46.29%	162.83%
Plan fiduciary net position as a percentage of the total pension liability	79.91%	77.97%	78.19%	90.49%	77.71%
Measurement Date	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Council's proportion of the net pension liability	0.07154%	0.07428%	0.07306%	0.07126%	0.08079%
Council's proportionate share of the net pension liability	\$ 2,864,755	\$ 2,799,228	\$ 2,880,110	\$ 2,475,393	\$ 1,996,786
Council's covered payroll	\$ 1,700,707	\$ 1,691,300	\$ 1,686,808	\$ 1,623,822	\$ 1,551,298
Council's proportionate share of the net pension liability as a percentage of its covered payroll	168.44%	165.51%	170.74%	152.44%	128.72%
Plan fiduciary net position as a percentage of the total pension liability	77.73%	77.69%	75.39%	75.87%	77.23%

**KERN COUNCIL OF GOVERNMENTS  
SCHEDULE OF CONTRIBUTIONS – PENSION  
AS OF JUNE 30, 2025  
LAST TEN YEARS**

Measurement Date	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Actuarially determined contribution for the fiscal year	\$ 529,426	\$ 481,897	\$ 469,787	\$ 447,732	\$ 463,920
Less the contributions in relation to the actuarially determined contribution	<u>(718,318)</u>	<u>(694,065)</u>	<u>(658,678)</u>	<u>(678,599)</u>	<u>(694,787)</u>
Contribution deficiency (excess)	<u>\$ (188,892)</u>	<u>\$ (212,168)</u>	<u>\$ (188,891)</u>	<u>\$ (230,867)</u>	<u>\$ (230,867)</u>
Council's covered payroll	\$ 2,052,859	\$ 1,974,787	\$ 2,196,272	\$ 1,829,041	\$ 1,817,778
Contributions as a percentage of covered payroll	34.99%	35.15%	29.99%	37.10%	38.22%

  

Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Actuarially determined contribution for the fiscal year	\$ 425,358	\$ 369,837	\$ 321,585	\$ 314,081	\$ 274,454
Less the contributions in relation to the actuarially determined contribution	<u>(677,213)</u>	<u>(537,740)</u>	<u>(321,585)</u>	<u>(314,081)</u>	<u>(274,454)</u>
Contribution deficiency (excess)	<u>\$ (251,855)</u>	<u>\$ (167,903)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 1,750,939	\$ 1,700,707	\$ 1,691,300	\$ 1,686,808	\$ 1,623,822
Contributions as a percentage of covered payroll	38.68%	31.62%	19.01%	18.62%	16.80%

Notes to Schedule:

For the measurement period ending June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023 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% (2024) 6.90% (2023)
Inflation	2.30% (2024) 2.50% (2023)
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.80% (2024) 7.00% (2023) 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% (2024) 2.30% (2023) until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% (2024) 2.30% (2023)

**KERN COUNCIL OF GOVERNMENTS  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**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, 2025**

	State Transit Assistance	Local Transportation	PTMISEA	State of Good Repair	Transit and Intercity Rail Capital Program	Zero Emission Transit Capital Program	Total
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 24,347,011	\$ 197,091,470	\$ 2,698	\$ 2,816,181	\$ 46,463,208	\$ 5,071,113	\$ 275,791,681
Due from Other Governments	2,344,737	10,058,953	-	419,486	-	-	12,823,176
Interest Receivable	299,813	1,941,165	16	26,241	324,734	35,442	2,627,411
Advances Receivable	-	7,112,267	-	-	-	-	7,112,267
<b>TOTAL ASSETS</b>	<b><u>\$ 26,991,561</u></b>	<b><u>\$ 216,203,855</u></b>	<b><u>\$ 2,714</u></b>	<b><u>\$ 3,261,908</u></b>	<b><u>\$ 46,787,942</u></b>	<b><u>\$ 5,106,555</u></b>	<b><u>\$ 298,354,535</u></b>
<b>LIABILITIES AND NET POSITION</b>							
<b>LIABILITIES</b>							
Due to Other Governments	\$ -	\$ -	\$ -	\$ 3,261,908	\$ 28,016,505	\$ -	\$ 31,278,413
Unearned Revenue	-	-	2,714	-	-	-	2,714
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,714</u></b>	<b><u>3,261,908</u></b>	<b><u>28,016,505</u></b>	<b><u>-</u></b>	<b><u>31,281,127</u></b>
<b>NET POSITION</b>							
Unassigned	26,991,561	216,203,855	-	-	18,771,437	5,106,555	267,073,408
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 26,991,561</u></b>	<b><u>\$ 216,203,855</u></b>	<b><u>\$ 2,714</u></b>	<b><u>\$ 3,261,908</u></b>	<b><u>\$ 46,787,942</u></b>	<b><u>\$ 5,106,555</u></b>	<b><u>\$ 298,354,535</u></b>

**KERN COUNCIL OF GOVERNMENTS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	State Transit Assistance	Local Transportation	PTMISEA	State of Good Repair	Transit and Intercity Rail Capital Program	Zero Emission Transit Capital Program	Total
<b>ADDITIONS</b>							
Sales Tax	\$ 9,855,396	\$ 61,149,985	\$ -	\$ 2,480,133	\$ -	\$ -	\$ 73,485,514
Interest	703,428	4,539,241	-	115,867	509,255	55,581	5,923,372
Other	-	-	-	-	46,278,687	5,050,974	51,329,661
<b>TOTAL ADDITIONS</b>	<b>10,558,824</b>	<b>65,689,226</b>	<b>-</b>	<b>2,596,000</b>	<b>46,787,942</b>	<b>5,106,555</b>	<b>130,738,547</b>
<b>DEDUCTIONS</b>							
Claims Disbursement - Arvin	-	1,128,919	-	-	-	-	1,128,919
Claims Disbursement - Bakersfield	-	1,288,693	-	-	-	-	1,288,693
Claims Disbursement - California City	1,074,234	4,364,700	-	-	-	-	5,438,934
Claims Disbursement - Delano	-	3,515,397	-	266,968	-	-	3,782,365
Claims Disbursement - Maricopa	-	86,135	-	-	-	-	86,135
Claims Disbursement - McFarland	-	156,158	-	-	-	-	156,158
Claims Disbursement - Ridgecrest	1,388,462	2,393,494	-	-	-	-	3,781,956
Claims Disbursement - Taft	-	5,000	-	-	-	-	5,000
Claims Disbursement - Tehachapi	-	289,750	-	-	-	-	289,750
Claims Disbursement - Wasco	251,647	576,296	-	-	-	-	827,943
Claims Disbursement - Kern County	1,424,475	8,971,591	-	449,702	-	-	10,845,768
Claims Disbursement - GET Administration	8,524,348	21,475,652	-	1,879,330	28,016,505	-	59,895,835
	-	1,620,028	-	-	-	-	1,620,028
<b>TOTAL DEDUCTIONS</b>	<b>12,663,166</b>	<b>45,871,813</b>	<b>-</b>	<b>2,596,000</b>	<b>28,016,505</b>	<b>-</b>	<b>89,147,484</b>
Change in Net Position	(2,104,342)	19,817,413	-	-	18,771,437	5,106,555	41,591,063
Net Position at Beginning of Year	29,095,903	196,386,442	-	-	-	-	225,482,345
Net Position at End of Year	\$ 26,991,561	\$ 216,203,855	\$ -	\$ -	\$ 18,771,437	\$ 5,106,555	\$ 267,073,408

**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, 2025**

	Budget	FTA Sec. 5303	FTA 5303 Carryover	FTA Sec. 5304
101.1 Air Quality Planning	\$ 66,943	\$ 24,917	\$ -	\$ -
102.1 Environmental Review Program	21,202	7,393	-	-
201.1 Inventory Mapping	489,912	99,179	5,516	-
201.2 Mapping Services and Technical Support	-	-	-	-
203.1A Sustainable Communities Public Participation	-	-	-	-
203.1B Sustainable Communities Public Participation	101,479	-	-	-
203.2A Sustainable Communities Performance Measures	-	-	-	-
203.2B Sustainable Communities Performance Measures	184,688	-	-	-
203.3A Sustainable Communities Mobility Innovations and Incentives Planning	-	-	-	-
203.3B Sustainable Communities Mobility Innovations and Incentives Planning	90,116	-	-	-
203.4A Sustainable Communities Strategy Forecast and Travel Model Activity Program	-	-	-	-
203.4B Sustainable Communities Strategy Forecast and Travel Model Activity Program	102,414	-	-	-
203.5 Regional Housing Need Allocation Plan	11,573	-	-	-
203.6 SJV Household Travel Survey	-	-	-	-
601.1 Regional Transportation Plan/CMS	175,532	77,500	-	-
601.2 RTP/CIP-Financial Element	50,200	-	-	-
601.3 Regional Transportation Community Survey & Outreach	164,861	-	-	-
601.4 Performance Measures	57,978	-	-	-
602.1 Transportation Improvement Program	348,062	-	-	-
602.2 Local Assistance for Federal Aid Projects	295,653	-	-	-
603.1 Transportation System Monitoring and Coordination	41,933	-	-	-
603.2 Traffic Count Program	103,032	-	-	-
603.3 Mobility Innovations and Incentives	29,768	-	-	-
603.4 Kern Electric Vehicle (EV) Blueprint	1,303,556	-	-	-
604.1 Regional Travel Demand Model Maintenance	484,399	-	-	-
604.2 Growth Forecast Model	139,253	-	-	-
604.3 Regional Travel Demand Model	21,977	-	-	-
605.1 Corridor/Major Investment/Impact Fee	10,208	-	-	-
605.2 Kern Area Regional Goods-movement Operations	1,414,017	-	-	-
606.1 Transit Planning	308,463	111,921	-	-
606.2 Kern Trans-Sierra Transit Climate Adaptation Plan (2024/25)	1,186,039	-	-	-
606.5 Metropolitan Bakersfield Long-Range Transportation Plan Update	-	-	-	-
608.1 Active Transportation and Complete Streets Program	92,966	-	-	-
608.2 Safe Routes for Bicyclists in Disadvantaged Communities	366,795	-	-	-
608.3 Active Transportation Connectivity Planning	10,659	-	-	-
609.1 Transportation Demand Management	289,025	-	-	-
610.1 Freight Planning	67,739	-	-	-
801.1 Grant Writing	120,532	-	-	-
902.1 Regional Technical Assistance	8,639	-	-	-
903.1 Information and Data Management	116,771	-	-	-
904.1 Interregional Transportation Coordination	126,087	-	-	-
904.2 Local Clearinghouse Review Program	4,960	-	-	-
1001.1 Local Reimbursements	48,771	-	-	-
1001.2 Legislative Program	17,937	-	-	-
1001.3 Transportation Development Act (TDA) Program	340,242	-	-	-
1001.4 Information Services	105,963	-	-	-
1001.5 OWP Development and Monitoring	91,949	-	-	-
2001.1 KMAA System Implementation & Operation	33,934	-	-	-
2002.1 KMAA Administration	21,916	-	-	-
<b>TOTAL</b>	<b>\$ 9,068,143</b>	<b>\$ 320,910</b>	<b>\$ 5,516</b>	<b>\$ -</b>

**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, 2025**

	FHWA PL	FHWA PL Carryover	FHWA RSTP	FHWA CMAQ
101.1 Air Quality Planning	\$ 25,450	\$ -	\$ -	\$ 464
102.1 Environmental Review Program	7,393	-	-	-
201.1 Inventory Mapping	247,493	12,704	-	-
201.2 Mapping Services and Technical Support	-	-	-	-
203.1A Sustainable Communities Public Participation	-	-	-	-
203.1B Sustainable Communities Public Participation	-	-	-	-
203.2A Sustainable Communities Performance Measures	-	-	-	-
203.2B Sustainable Communities Performance Measures	-	-	-	-
203.3A Sustainable Communities Mobility Innovations and Incentives Planning	-	-	-	-
203.3B Sustainable Communities Mobility Innovations and Incentives Planning	-	-	-	-
203.4A Sustainable Communities Strategy Forecast and Travel Model Activity Program	-	-	-	-
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	77,576	-	-	-
601.2 RTP/CIP-Financial Element	50,184	-	-	-
601.3 Regional Transportation Community Survey & Outreach	63,341	-	-	-
601.4 Performance Measures	57,903	-	-	-
602.1 Transportation Improvement Program	205,648	50,000	-	-
602.2 Local Assistance for Federal Aid Projects	44,086	1,928	-	-
603.1 Transportation System Monitoring and Coordination	37,213	340	-	-
603.2 Traffic Count Program	-	-	82,689	-
603.3 Mobility Innovations and Incentives	22,235	-	-	-
603.4 Kern Electric Vehicle (EV) Blueprint	-	-	-	-
604.1 Regional Travel Demand Model Maintenance	170,087	40,000	-	-
604.2 Growth Forecast Model	80,088	-	-	-
604.3 Regional Travel Demand Model	21,970	-	-	-
605.1 Corridor/Major Investment/Impact Fee	9,974	-	-	-
605.2 Kern Area Regional Goods-movement Operations	-	-	-	-
606.1 Transit Planning	101,371	-	-	-
606.2 Kern Trans-Sierra Transit Climate Adaptation Plan (2024/25)	-	-	-	-
606.5 Metropolitan Bakersfield Long-Range Transportation Plan Update	-	-	-	-
608.1 Active Transportation and Complete Streets Program	10,949	20,377	-	-
608.2 Safe Routes for Bicyclists in Disadvantaged Communities	-	-	-	-
608.3 Active Transportation Connectivity Planning	-	-	-	-
609.1 Transportation Demand Management	-	-	-	253,039
610.1 Freight Planning	67,706	-	-	-
801.1 Grant Writing	-	-	-	-
902.1 Regional Technical Assistance	8,639	-	-	-
903.1 Information and Data Management	93,389	-	-	-
904.1 Interregional Transportation Coordination	126,073	-	-	-
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	36,372	-	-	-
1001.5 OWP Development and Monitoring	-	-	-	-
2001.1 KMAA System Implementation & Operation	-	-	-	-
2002.1 KMAA Administration	-	-	-	-
<b>TOTAL</b>	<b>\$ 1,565,140</b>	<b>\$ 125,349</b>	<b>\$ 82,689</b>	<b>\$ 253,503</b>

**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, 2025**

	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	-	-	-	-
203.1A Sustainable Communities Public Participation	-	-	-	-
203.1B Sustainable Communities Public Participation	-	-	57,243	-
203.2A Sustainable Communities Performance Measures	-	-	-	-
203.2B Sustainable Communities Performance Measures	-	-	107,340	-
203.3A Sustainable Communities Mobility Innovations and Incentives Planning	-	-	-	-
203.3B Sustainable Communities Mobility Innovations and Incentives Planning	-	-	79,664	-
203.4A Sustainable Communities Strategy Forecast and Travel Model Activity Program	-	-	-	-
203.4B Sustainable Communities Strategy Forecast and Travel Model Activity Program	-	-	81,245	-
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	50,599	-	-	-
601.4 Performance Measures	-	-	-	-
602.1 Transportation Improvement Program	-	-	-	-
602.2 Local Assistance for Federal Aid Projects	249,547	-	-	-
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	-	-	-	-
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	-	-	-	-
605.2 Kern Area Regional Goods-movement Operations	232,802	1,226,772	-	-
606.1 Transit Planning	-	-	-	-
606.2 Kern Trans-Sierra Transit Climate Adaptation Plan (2024/25)	17,039	131,515	-	-
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	-	-	226,932	-
608.3 Active Transportation Connectivity Planning	-	-	-	-
609.1 Transportation Demand Management	-	-	-	-
610.1 Freight Planning	-	-	-	-
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	-	-	-	-
2002.1 KMAA Administration	-	-	-	-
<b>TOTAL</b>	<b>\$ 549,987</b>	<b>\$ 1,358,287</b>	<b>\$ 552,424</b>	<b>\$ -</b>

**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, 2025**

	KMAA	HCD	CARB
101.1 Air Quality Planning	\$ -	\$ -	\$ -
102.1 Environmental Review Program	-	-	-
201.1 Inventory Mapping	-	-	-
201.2 Mapping Services and Technical Support	-	-	-
203.1A Sustainable Communities Public Participation	-	-	-
203.1B Sustainable Communities Public Participation	-	-	-
203.2A Sustainable Communities Performance Measures	-	-	-
203.2B Sustainable Communities Performance Measures	-	-	-
203.3A Sustainable Communities Mobility Innovations and Incentives Planning	-	-	-
203.3B Sustainable Communities Mobility Innovations and Incentives Planning	-	-	-
203.4A Sustainable Communities Strategy Forecast and Travel Model Activity Program	-	-	-
203.4B Sustainable Communities Strategy Forecast and Travel Model Activity Program	-	-	-
203.5 Regional Housing Need Allocation Plan	-	74,335	-
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	-	-	-
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	-	-	-
605.2 Kern Area Regional Goods-movement Operations	-	-	-
606.1 Transit Planning	-	-	-
606.2 Kern Trans-Sierra Transit Climate Adaptation Plan (2024/25)	-	-	-
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	-	-	-
608.3 Active Transportation Connectivity Planning	-	-	-
609.1 Transportation Demand Management	-	-	-
610.1 Freight Planning	-	-	-
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	50,089	-	-
2002.1 KMAA Administration	23,291	-	-
<b>TOTAL</b>	<b>\$ 73,380</b>	<b>\$ 74,335</b>	<b>\$ -</b>

**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, 2025**

	CEC	TDA	Total Expenditures	Variance
101.1 Air Quality Planning	\$ -	\$ -	\$ 50,831	\$ 16,112
102.1 Environmental Review Program	-	-	14,786	6,416
201.1 Inventory Mapping	-	84,719	449,611	40,301
201.2 Mapping Services and Technical Support	-	-	-	-
203.1A Sustainable Communities Public Participation	-	-	-	-
203.1B Sustainable Communities Public Participation	-	7,416	64,659	36,820
203.2A Sustainable Communities Performance Measures	-	-	-	-
203.2B Sustainable Communities Performance Measures	-	13,907	121,247	63,441
203.3A Sustainable Communities Mobility Innovations and Incentives Planning	-	-	-	-
203.3B Sustainable Communities Mobility Innovations and Incentives Planning	-	10,321	89,985	131
203.4A Sustainable Communities Strategy Forecast and Travel Model Activity Program	-	-	-	-
203.4B Sustainable Communities Strategy Forecast and Travel Model Activity Program	-	10,526	91,771	10,643
203.5 Regional Housing Need Allocation Plan	-	-	74,335	(62,762)
203.6 SJV Household Travel Survey	-	-	-	-
601.1 Regional Transportation Plan/CMS	-	-	155,076	20,456
601.2 RTP/CIP-Financial Element	-	-	50,184	16
601.3 Regional Transportation Community Survey & Outreach	-	-	113,940	50,921
601.4 Performance Measures	-	-	57,903	75
602.1 Transportation Improvement Program	-	92,374	348,022	40
602.2 Local Assistance for Federal Aid Projects	-	-	295,561	92
603.1 Transportation System Monitoring and Coordination	-	-	37,553	4,380
603.2 Traffic Count Program	-	10,713	93,402	9,630
603.3 Mobility Innovations and Incentives	-	-	22,235	7,533
603.4 Kern Electric Vehicle (EV) Blueprint	390,187	-	390,187	913,369
604.1 Regional Travel Demand Model Maintenance	-	273,601	483,688	711
604.2 Growth Forecast Model	-	49,881	129,969	9,284
604.3 Regional Travel Demand Model	-	-	21,970	7
605.1 Corridor/Major Investment/Impact Fee	-	-	9,974	234
605.2 Kern Area Regional Goods-movement Operations	-	-	1,459,574	(45,557)
606.1 Transit Planning	-	17,489	230,781	77,682
606.2 Kern Trans-Sierra Transit Climate Adaptation Plan (2024/25)	-	-	148,554	1,037,485
606.5 Metropolitan Bakersfield Long-Range Transportation Plan Update	-	-	-	-
608.1 Active Transportation and Complete Streets Program	-	7,325	38,651	54,315
608.2 Safe Routes for Bicyclists in Disadvantaged Communities	-	9,751	236,683	130,112
608.3 Active Transportation Connectivity Planning	-	-	-	10,659
609.1 Transportation Demand Management	-	32,784	285,823	3,202
610.1 Freight Planning	-	-	67,706	33
801.1 Grant Writing	-	123,633	123,633	(3,101)
902.1 Regional Technical Assistance	-	-	8,639	-
903.1 Information and Data Management	-	-	93,389	23,382
904.1 Interregional Transportation Coordination	-	-	126,073	14
904.2 Local Clearinghouse Review Program	-	5,139	5,139	(179)
1001.1 Local Reimbursements	-	94,773	94,773	(46,002)
1001.2 Legislative Program	-	19,091	19,091	(1,154)
1001.3 Transportation Development Act (TDA) Program	-	345,649	345,649	(5,407)
1001.4 Information Services	-	-	36,372	69,591
1001.5 OWP Development and Monitoring	-	58,426	58,426	33,523
2001.1 KMAA System Implementation & Operation	-	-	50,089	(16,155)
2002.1 KMAA Administration	-	-	23,291	(1,375)
<b>TOTAL</b>	<b>\$ 390,187</b>	<b>\$ 1,267,518</b>	<b>\$ 6,619,225</b>	<b>\$ 2,448,918</b>

**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, 2025**

July 1, 2024 through June 30, 2025	
Total Expenditures by Work Element by Funding Source	\$ 6,619,225
Plus Current Year Accounts Payable (Board mileage/S&B)	8,586
Plus Non-Allowable Personnel (Director Allowance)	7,200
Plus Accrued Vacation Adjustment	48,923
Plus Lease Proceeds	1,712,745
Less: Unassigned FA	14,375
Less: Depreciation	(44,886)
Allocated Under/(Over)	<u>495,142</u>
Adjusted Allocated Costs / Total Planning and Administration	<u><u>\$ 8,861,310</u></u>

**KERN COUNCIL OF GOVERNMENTS  
SCHEDULE OF DIRECT AND INDIRECT COSTS –  
PLANNING AND ADMINISTRATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Allocations	Per Fiscal Year 2025 Actual to Date	Total Direct	Total Indirect	Total Non- Allowable	Fiscal Year 2025 Total	Variance	Notes
<b>PERSONNEL</b>							
July 1, 2024 through June 30, 2025	\$ 2,052,859	\$ 1,028,034	\$ 969,202	\$ 55,623	\$ 2,052,859	\$ -	
Fringe Benefits	1,531,409	789,549	741,860	-	1,531,409	-	
<b>SERVICES AND SUPPLIES</b>							
Professional Services	2,755,061	2,725,671	29,390	-	2,755,061	-	
Rents and Leases	11,827	-	11,827	-	11,827	-	
Transportation and Travel	34,849	27,819	1,030	6,000	34,849	-	
Data Processing	87,708	-	87,708	-	87,708	-	
Office	324,905	7,903	317,002	-	324,905	-	
Insurance	30,437	-	30,437	-	30,437	-	
Mileage Reimbursement	5,758	2,848	376	2,534	5,758	-	
Memberships	27,391	7,419	19,972	-	27,391	-	
Publications and Notices	28,023	27,869	154	-	28,023	-	
Communications	19,972	-	18,772	1,200	19,972	-	
Maintenance	22,536	17,272	5,264	-	22,536	-	
Training and Development	1,915	1,860	55	-	1,915	-	
Depreciation Expense	-	-	44,886	-	44,886	(44,886)	(a)
Debt Service - Principal	149,445	-	149,445	-	149,445	-	
Debt Service - Interest	3,003	-	3,003	-	3,003	-	
Capital Outlays	1,774,212	14,375	1,759,837	-	1,774,212	-	
<b>TOTALS</b>	<u>\$ 8,861,310</u>	<u>\$ 4,650,619</u>	<u>\$ 4,190,220</u>	<u>\$ 65,357</u>	<u>\$ 8,906,196</u>	<u>\$ (44,886)</u>	
<b>ALLOCATION BASE</b>	<u>\$ 1,817,583</u>						
<b>INDIRECT COST ALLOCATION</b>	<u>\$ 1,870,293</u>						

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, 2025**

	PUC 99233.1 Admin.	PUC 99234 Ped/Bike Facilities	PUC 99260 Transit Operations	PUC 99262 Regional Planning	PUC 99275 Social Service
<b>ALLOCATIONS</b>					
City of Arvin	\$ -	\$ -	\$ 887,668	\$ 34,820	\$ -
City of Bakersfield	-	397,650	1,288,693	-	-
City of California City	-	-	107,942	26,469	-
City of Delano	-	-	-	92,343	-
City of Maricopa	-	-	31,472	1,805	-
City of McFarland	-	2,000	-	24,543	-
City of Ridgecrest	-	-	48,806	49,780	-
City of Shafter	-	440,824	-	38,057	-
City of Taft	-	5,000	966,822	12,452	-
City of Tehachapi	-	5,000	-	21,351	-
City of Wasco	-	5,000	118,771	47,526	-
County of Kern	-	246,585	9,249,063	277,472	-
Golden Empire Transit	-	-	33,113,650	993,410	-
<b>Total Allocations</b>	<b>-</b>	<b>1,102,059</b>	<b>45,812,887</b>	<b>1,620,028</b>	<b>-</b>
<b>EXPENDITURES</b>					
City of Arvin	-	-	853,510	34,820	-
City of Bakersfield	-	-	1,288,693	-	-
City of California City	-	170,538	-	26,469	-
City of Delano	-	-	-	92,343	-
City of Maricopa	-	-	58,408	1,805	-
City of McFarland	-	156,158	-	24,543	-
City of Ridgecrest	-	3,000	-	49,780	-
City of Shafter	-	-	-	38,057	-
City of Taft	-	5,000	-	12,452	-
City of Tehachapi	-	289,750	-	21,351	-
City of Wasco	-	92,255	77,630	47,526	-
County of Kern	-	-	8,971,591	277,472	-
Golden Empire Transit	-	-	21,475,652	993,410	-
<b>Total Expenditures</b>	<b>-</b>	<b>716,701</b>	<b>32,725,484</b>	<b>1,620,028</b>	<b>-</b>
<b>Under/(Over) Expended Allocation</b>	<b>\$ -</b>	<b>\$ 385,358</b>	<b>\$ 13,087,403</b>	<b>\$ -</b>	<b>\$ -</b>

**KERN COUNCIL OF GOVERNMENTS  
SCHEDULE OF ALLOCATIONS, DISBURSEMENTS, AND OPERATING TRANSFERS (Continued)  
LOCAL TRANSPORTATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	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
<b>ALLOCATIONS</b>						
City of Arvin	\$ -	\$ 275,409	\$ -	\$ -	\$ -	\$ 1,197,897
City of Bakersfield	-	-	-	-	-	1,686,343
City of California City	-	4,194,162	-	-	-	4,328,573
City of Delano	-	3,515,397	-	-	-	3,607,740
City of Maricopa	-	27,727	-	-	-	61,004
City of McFarland	-	-	-	-	-	26,543
City of Ridgecrest	-	2,390,494	-	-	-	2,489,080
City of Shafter	-	-	-	-	-	478,881
City of Taft	-	171,693	-	-	-	1,155,967
City of Tehachapi	-	-	-	-	-	26,351
City of Wasco	-	406,411	-	-	-	577,708
County of Kern	-	-	-	-	-	9,773,120
Golden Empire Transit	-	-	-	-	-	34,107,060
<b>Total Allocations</b>	<b>-</b>	<b>10,981,293</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,516,267</b>
<b>EXPENDITURES</b>						
City of Arvin	-	275,409	-	-	-	1,163,739
City of Bakersfield	-	-	-	-	-	1,288,693
City of California City	-	4,194,162	-	-	-	4,391,169
City of Delano	-	3,515,397	-	-	-	3,607,740
City of Maricopa	-	27,727	-	-	-	87,940
City of McFarland	-	-	-	-	-	180,701
City of Ridgecrest	-	2,390,494	-	-	-	2,443,274
City of Shafter	-	-	-	-	-	38,057
City of Taft	-	-	-	-	-	17,452
City of Tehachapi	-	-	-	-	-	311,101
City of Wasco	-	406,411	-	-	-	623,822
County of Kern	-	-	-	-	-	9,249,063
Golden Empire Transit	-	-	-	-	-	22,469,062
<b>Total Expenditures</b>	<b>-</b>	<b>10,809,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,871,813</b>
<b>Under/(Over) Expended Allocation</b>	<b>\$ -</b>	<b>\$ 171,693</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,644,454</b>

**KERN COUNCIL OF GOVERNMENTS  
SCHEDULE OF ALLOCATIONS, DISBURSEMENTS, AND OPERATING TRANSFERS  
STATE TRANSIT ASSISTANCE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	PUC 99313.3 Population Basis	State Transit Assistance Fund Total
	<u>                    </u>	<u>                    </u>
<b>ALLOCATIONS</b>		
City of California City	\$ 1,074,234	\$ 1,074,234
City of Ridgecrest	1,388,462	1,388,462
City of Taft	226,566	226,566
City of Wasco	251,647	251,647
County of Kern	1,956,305	1,956,305
Golden Empire Transit	7,135,195	7,135,195
	<u>12,032,409</u>	<u>12,032,409</u>
<b>EXPENDITURES</b>		
City of California City	1,074,234	1,074,234
City of Ridgecrest	1,388,462	1,388,462
City of Wasco	251,647	251,647
County of Kern	1,424,475	1,424,475
Golden Empire Transit	8,524,348	8,524,348
	<u>12,663,166</u>	<u>12,663,166</u>
Under/(Over) Expended Allocation	<u>\$ (630,757)</u>	<u>\$ (630,757)</u>

**KERN COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Assistance Listing (AL) Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
<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	\$ 1,690,490
Discretionary Grant - CMAQ	20.205	CMLNI-6087(069)	195,210
Discretionary Grant - RSTP	20.205	STPLNI-6087(067)	<u>82,575</u>
Total Federal Highway Administration			<u>1,968,275</u>
Federal Transit Administration (FTA):			
Rural Technical Studies (FTA 5304)	20.505	74A0810	-
Urban Technical Studies (FTA 5303)	20.505	74A0810	<u>326,426</u>
Total Federal Transit Administration			<u>326,426</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,294,701</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, 2025**

**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, 2025, 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 January 5, 2026.

**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, 2025, PTMISEA and SGR funds received and claims paid to cities were verified in the course of our audit as follows:

<b>Schedule of PTMISEA and SGR Funds For the Fiscal Year Ended June 30, 2025</b>		
	<b>PTMISEA</b>	<b>SGR</b>
<b>Balance - Beginning of Year</b>	\$ 2,646	\$ 4,064,094
<b>Receipts:</b>		
Allocations	-	1,677,947
Interest Accrued July 1, 2024 Through June 30, 2025	68	115,867
<b>Expenses:</b>		
Related Expenses/Disbursements	-	2,596,000
<b>Balance - End of Year</b>	<u>\$ 2,714</u>	<u>\$ 3,261,908</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



Bakersfield, California  
January 5, 2026

**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, 2025. 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, 2025.

***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  
January 5, 2026

## **FINDINGS AND RECOMMENDATIONS**

**KERN COUNCIL OF GOVERNMENTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, under 2 CFR §200.516(a)? 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. Federal Award Findings and Questioned Costs

None.

4. Prior Year Findings

None.

# Timeline

*Better Planning.  
Better Transportation*

1401 19th Street, Ste. 300 • Bakersfield, CA 93301 • 661 635 2900 • www.kerncog.org



The 2026 KERN COG TIMELINE is a list of actions and events that may appear on future agendas or are of general interest to Board Member

## **MARCH**

- San Joaquin Valley Voice Legislative Meeting in Sacramento, March 4, 2026
- Kern COG Regional Awards, Bakersfield, March 5, 2026
- CALCOG Regional Leadership Forum, Long Beach, March 9-11, 2026
- California Transportation Commission Meeting in Los Angeles, March 19-20, 2026
- Combined Public Review Scheduled to **Begin** - Draft Regional Transportation Plan (RTP)/Environmental Document/Air Quality Conformity/Federal Transportation Improvement Program (FTIP)
- Kern COG RTP Public Presentations to City Councils/County Board of Supervisors
- KCOG FY 2026/27 TDA Schedule "A" & "B"

## **APRIL**

- Combined Public Review **Continues** - Draft Regional Transportation Plan (RTP)/Environmental Document/Air Quality Conformity/Federal Transportation Improvement Program (FTIP)
- Kern COG RTP Public Presentations to City Councils/County Board of Supervisors
- Kern Area Regional Goods-movement Operations (KARGO) Study Draft Report
- Fiscal Year 2026-27 Overall Work Program Presentation
- San Joaquin Valley Regional Policy Council and Directors Spring Retreat

## **MAY**

- California Transportation Commission Meeting in San Francisco, May 14-15, 2026
- Combined Public Review Scheduled to **Concludes** - Draft Regional Transportation Plan (RTP)/Environmental Document/Air Quality Conformity/Federal Transportation Improvement Program (FTIP)
- Kern COG RTP Public Presentations to City Councils/County Board of Supervisors
- Adoption of Fiscal Year 2026-27 Financial Plan

## **JUNE**

- California Transportation Commission Meeting in Sacramento, June 25-26, 2026

## **JULY/AUGUST**

- **Adoption** - Draft Regional Transportation Plan (RTP)/Environmental Document/Air Quality Conformity/Federal Transportation Improvement Program (FTIP)
- California Transportation Commission Meeting in Sacramento, August 20-21, 2026

## **SEPTEMBER**

- San Joaquin Valley Voice Annual Trip, Washington D.C., September TBD