

**CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

To the City Council
Corcoran, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act (TDA) Funds of the City of Corcoran, California (the City), pertaining to Article 4 Section 99260; Article 8 Sections 99400(a), 99233.1 and 990402; and Article 6.5 State Transit Assistance California Administrative Code Sections 6734 and 6735 of the Public Utilities Code as recorded in the City's Local Transportation Funds (LTF) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the LTF Funds of the City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the LTF Funds of the City, as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter*Basis of Presentation*

As discussed in Note 1 to the financial statements, the financial statements present only the LTF Funds of the City referred to above and are not intended to present the financial position of the City and the respective changes in financial position, or where applicable, its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the financial statements. Management has omitted such information. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of the Enterprise Fund's Proportionate Share of the Net Pension Liability and Schedule of the Enterprise Fund's Contributions be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, on our consideration of the LTF Funds of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 LTF Funds of the City's internal control over financial reporting and compliance.

HUDSON HENDERSON & COMPANY, INC.



Fresno, California
March 31, 2022

**CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
BALANCE SHEETS
LOCAL TRANSPORTATION FUND – SPECIAL REVENUE FUND
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Current Assets		
Cash and Investments	\$ 391,337	\$ 418,924
Due from County of Kings Local Transportation Fund	247,512	42,046
Due from Other Funds	68,757	68,757
Interest Receivable	<u>334</u>	<u>1,307</u>
Total Assets	<u>\$ 707,940</u>	<u>\$ 531,034</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Advances - TDA Funding	<u>\$ 397,368</u>	<u>\$ 223,095</u>
Total Liabilities	<u>397,368</u>	<u>223,095</u>
 Fund Balance		
Restricted	<u>310,572</u>	<u>307,939</u>
Total Fund Balance	<u>310,572</u>	<u>307,939</u>
Total Liabilities and Fund Balance	<u>\$ 707,940</u>	<u>\$ 531,034</u>

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

**CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
LOCAL TRANSPORTATION FUND – SPECIAL REVENUE FUND
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
REVENUES		
Allocation from County of Kings Local Transportation Fund	\$ 73,239	\$ -
Interest	<u>2,633</u>	<u>7,391</u>
 Total Revenues	 <u>75,872</u>	 <u>7,391</u>
EXPENDITURES		
Street and Road Maintenance	<u>73,239</u>	<u>-</u>
 Total Expenditures	 <u>73,239</u>	 <u>-</u>
 Net Change in Fund Balance	 2,633	 7,391
 Fund Balance, Beginning of Year	 <u>307,939</u>	 <u>300,548</u>
 Fund Balance, End of Year	 <u><u>\$ 310,572</u></u>	 <u><u>\$ 307,939</u></u>

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

CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENTS OF NET POSITION
LOCAL TRANSPORTATION FUND – ENTERPRISE FUND
JUNE 30, 2021 AND 2020

	2021	(restated) 2020
ASSETS		
Current Assets		
Cash and Investments	\$ 1,917,938	\$ 1,627,218
Due from County of Kings Local Transportation Fund	675,704	315,032
Accounts Receivable	348,024	348,024
Interest Receivable	1,275	3,868
	<hr/>	<hr/>
Total Current Assets	2,942,941	2,294,142
Capital Assets, Net	<hr/>	<hr/>
	1,970,822	2,171,198
Total Assets	<hr/>	<hr/>
	4,913,763	4,465,340
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	<hr/>	<hr/>
	149,936	133,934
Total Deferred Outflows of Resources	<hr/>	<hr/>
	149,936	133,934
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Expenses	288,058	42,127
Due to Other Funds	68,757	68,757
Advances - Grant Funding	<hr/>	<hr/>
	267,790	292,395
Total Current Liabilities	624,605	403,279
Noncurrent Liabilities		
Net Pension Liability	<hr/>	<hr/>
	630,243	510,067
Total Liabilities	<hr/>	<hr/>
	1,254,848	913,346
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	<hr/>	<hr/>
	39,390	53,570
Total Deferred Inflows of Resources	<hr/>	<hr/>
	39,390	53,570
NET POSITION		
Net Investment in Capital Assets	1,970,822	2,171,198
Restricted	39,475	18,833
Unrestricted	<hr/>	<hr/>
	1,759,164	1,442,327
Total Net Position	<hr/>	<hr/>
	\$ 3,769,461	\$ 3,632,358

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

**CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
LOCAL TRANSPORTATION FUND – ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	(restated) 2020
OPERATING REVENUES		
Public Transportation Fares	\$ 22,015	\$ 54,884
Miscellaneous	<u>20,420</u>	<u>8,420</u>
Total Operating Revenues	<u>42,435</u>	<u>63,304</u>
OPERATING EXPENSES		
Transit Operations	937,743	916,170
Depreciation	<u>200,376</u>	<u>199,669</u>
Total Operating Expenses	<u>1,138,119</u>	<u>1,115,839</u>
Operating Income (Loss)	<u>(1,095,684)</u>	<u>(1,052,535)</u>
NON-OPERATING REVENUES		
Allocation from County of Kings		
Local Transportation Fund	551,378	598,355
State Transit Assistance Fund	183,595	178,257
PTMISEA Funds	6,390	9,272
Grant Revenue	477,831	249,205
Interest Income	<u>13,593</u>	<u>23,507</u>
Total Non-Operating Revenues	<u>1,232,787</u>	<u>1,058,596</u>
Change in Net Position	<u>137,103</u>	<u>6,061</u>
Net Position, Beginning of Year	3,632,358	3,657,059
Prior Period Adjustment	<u>-</u>	<u>(30,762)</u>
Net Position, Beginning of Year (Restated)	<u>3,632,358</u>	<u>3,626,297</u>
Net Position, End of Year	<u><u>\$ 3,769,461</u></u>	<u><u>\$ 3,632,358</u></u>

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

**CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENTS OF CASH FLOWS
LOCAL TRANSPORTATION FUND – ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	(restated) 2020
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 42,435	\$ 63,304
Payments to Employees (Salaries and Benefits)	(186,030)	(199,456)
Payments to Suppliers	<u>(415,788)</u>	<u>(625,375)</u>
Net Cash Used by Operating Activities	<u>(559,383)</u>	<u>(761,527)</u>
Cash Flows from Investing Activities:		
Interest on Investments	<u>16,186</u>	<u>27,341</u>
Net Cash Provided by Investing Activities	<u>16,186</u>	<u>27,341</u>
Cash Flows from Capital and Related Financing Activities:		
Capital Grants Revenue	833,917	862,034
Purchase of Property and Equipment	<u>-</u>	<u>(26,492)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>833,917</u>	<u>835,542</u>
Net Change in Cash and Investments	290,720	101,356
Cash and Investments - Beginning of Year	<u>1,627,218</u>	<u>1,525,862</u>
Cash and Investments - End of Year	<u>\$ 1,917,938</u>	<u>\$ 1,627,218</u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:		
Operating Income (Loss)	<u>\$ (1,095,684)</u>	<u>\$ (1,052,535)</u>
Depreciation	200,376	199,669
Changes in Operating Assets and Liabilities:		
Accounts Payable	245,931	10,588
Net Pension Liability and Related Deferred Outflows/Inflows of Resources	<u>89,994</u>	<u>80,751</u>
Total Adjustments	<u>536,301</u>	<u>291,008</u>
Net Cash Used by Operating Activities	<u>\$ (559,383)</u>	<u>\$ (761,527)</u>

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

CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Article 4 and Article 8 allocations under Public Utilities Code Section 99260, 99233.1, 99402 and 99400(a) of the Transportation Development Act (TDA); State Transit Assistance funds under Public Utilities Code Section 99313; and Article 6.5 State Transit Assistance California Administrative Code Public Utilities Code Sections 6734 and 6735 received by the City of Corcoran, California, (the City) are recorded in the Local Transportation Funds (LTF) (Fund No. 140 and 145) of the City. The financial statements included in this report are intended to present the financial position and results of operations of only the transactions of the LTF Funds of the City. They are not intended to present the financial position and the results of operations of the City taken as a whole. For additional information regarding the City, please refer to the Annual Financial Report available from the City.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: The financial statements of the LTF Funds of the City are prepared on the basis of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management Discussion and Analysis – for State and Local Governments*, and related standards.

The Local Transportation Special Revenue Fund of the City is accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Local Transportation Special Revenue Fund of the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting.

The Local Transportation Enterprise Fund is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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.

The LTF Funds of the City reports the following major governmental fund:

The ***Special Revenue Fund*** accounts for monies received and spent under Article 8, Section 99400(a) of the TDA.

The LTF Funds of the City reports the following Enterprise Fund:

The ***Enterprise Fund*** accounts for monies received under Article 4; State Transit Assistance funds under Public Utilities Code Section 99313; and Article 6.5 State Transit Assistance California Administrative Code Public Utilities Code Sections 6734 and 6735.

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 enterprise fund are charges to customers for bus fares, sales, and services. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Investments: The LTF Funds of the City maintains its cash accounts with the City of Corcoran Treasury as part of the common investment pool. The City is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

State statutes and the City's investment policy authorize the City Treasury to invest in U.S. Government Treasury and Agency Securities, bankers' acceptances, commercial paper, corporate bonds and notes, repurchase agreements, and the State Treasurer's Local Agency Investment Fund (LAIF). In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held by the City Treasury are stated at fair value. The fair value of pooled investments is determined quarterly and is based on current market prices received from the securities custodian. The balance available for withdrawal is based on the accounting records maintained by the City Treasury.

Credit quality ratings are not available for the LTF Funds of the City investments as all cash is invested as part of the common investment pool of the City. The LTF Funds of the City do not have any deposits with financial institutions as of June 30, 2021 and 2020.

Accounts Receivable: The LTF Funds of the City utilizes the allowance method of accounting for and reporting uncollectible or doubtful accounts. At June 30, 2021 and 2020, management considered all accounts to be fully collectible and, therefore, no allowance was recorded in the accompanying financial statements.

Non-Exchange Transactions: Non-exchange transactions, in which the LTF Funds of the City gives or receives value without directly receiving or giving equal value in exchange, include Article 4 and Article 8 allocations under Public Utilities Code Section 99260, 99233.1, 99402 and 99400(a) of the Transportation Development Act (TDA); State Transit Assistance funds under Public Utilities Code Section 99313; and Article 6.5 State Transit Assistance California Administrative Code Public Utilities Code Sections 6734 and 6735 of the TDA. With the accrual basis of accounting, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Deferred Outflows and Inflows of Resources: Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City recognizes deferred outflows and inflows of resources.

In addition to assets, the Balance Sheets and Statements of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the LTF Funds of the City that is applicable to a future reporting period.

In addition to liabilities, the Balance Sheets and Statements of Net Positions will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the LTF Funds of the City that is applicable to a future reporting period.

Use of Estimates: The preparation of 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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance: In the fund financial statements, in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the LTF Funds of the City is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable* – Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- *Restricted* – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed* – Amounts constrained to specific purposes by the LTF Funds of the City itself, using its highest level of decision-making authority (City Council). To be reported as committed, amounts cannot be used for any other purpose unless the LTF Funds of the City takes the same highest level action to remove or change the constraint.
- *Assigned* – Amounts the LTF Funds of the City intends to use for a specific purpose. Intent can be expressed by the LTF Funds of the City or by an official or body to which the City Council delegates the authority.
- *Unassigned* – Amounts that are available for any purpose. Positive amounts are reported only in the General Fund of the City.

The LTF Funds of the City establishes and modifies or rescinds fund balance commitments by passage of an ordinance or policy. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget as a designation or commitment of the fund, such as approved contracts. Assigned fund balance is established by the LTF Funds of the City through adoption or amendment of the budget, or future year budget, plan as intended for a specific purpose.

The LTF Funds of the City's policy is to first apply restricted, committed or assigned resources when an expense is incurred for purposes for which both restricted, committed or assigned and unassigned fund balance is available.

Net Position: Net position represents the residual interest of all assets after liabilities are deducted. In accordance with GASB Statement No. 34, the fund balance section on the Statements of Net Position was combined to report total net position and present it in three broad components: net investment in capital assets, restricted, and unrestricted. Net position, net investment in capital assets includes capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net position is unrestricted. The LTF Funds of the City policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Budgeting Procedures: Each year management of the LTF Funds of the City prepare a proposed budget, which is presented to the City Council. The annual budget is then legally enacted through adoption of a budget resolution.

An operating budget is adopted each fiscal year on the modified accrual basis of accounting. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Operating budgets that have not been encumbered lapse at the end of the fiscal year.

CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Accounting Standards Update: During the year ending June 30, 2021, the LTF Funds of the City implemented the following standards with no financial impact on the financial statements:

GASB Statement No. 84 – *Fiduciary Activities*. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after December 15, 2019.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after December 15, 2020.

GASB Statement No. 90 – *Majority Equity Interests- an amendment of GASB Statements No. 14 and No. 61*. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after December 15, 2019.

Released GASB Statements to be implemented in future financial statements are as follows:

GASB Statement No. 87 – *Leases*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after June 15, 2021.

GASB Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after December 15, 2021.

GASB Statement No. 92 – *Omnibus 2020*. The requirements of this statement are effective for reporting periods beginning after June 15, 2020. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after June 15, 2021.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates*. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Subsequent to issuance, GASB Statement No. 95 postponed the certain requirements of this statement to reporting periods beginning after June 15, 2022.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

**CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events: In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through March 31, 2022, which is the date the financial statements were available to be issued.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2021 and 2020, consist of the following:

	2021	2020
Cash in City of Corcoran Treasury	\$ 2,309,275	\$ 2,046,142
Total Interest and Investment Earnings from City of Corcoran	\$ 16,226	\$ 30,898

See the City of Corcoran Annual Financial Report for disclosures related to risks and fair value measurements in accordance with GASB Statements.

**CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 is as follows:

Business-Type Activities:

	Balance July 1, 2020	Additions	Adjustments/ Deductions	Balance June 30, 2021
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 57,500	\$ -	\$ -	\$ 57,500
Total Capital Assets, Not Being Depreciated	<u>57,500</u>	<u>-</u>	<u>-</u>	<u>57,500</u>
Capital Assets, Being Depreciated:				
Infrastructure	235,874	-	-	235,874
Buildings	1,896,400	-	-	1,896,400
Improvements	235,723	-	-	235,723
Vehicles	1,208,315	-	-	1,208,315
Equipment	838,725	-	-	838,725
Total Capital Assets, Being Depreciated	<u>4,415,037</u>	<u>-</u>	<u>-</u>	<u>4,415,037</u>
Less Accumulated Depreciation:				
Infrastructure	(88,455)	-	-	(88,455)
Buildings	(784,594)	(75,639)	-	(860,233)
Improvements	(81,080)	-	-	(81,080)
Vehicles	(1,046,310)	(53,611)	-	(1,099,921)
Equipment	(300,900)	(71,126)	-	(372,026)
Total Accumulated Depreciation	<u>(2,301,339)</u>	<u>(200,376)</u>	<u>-</u>	<u>(2,501,715)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,113,698</u>	<u>(200,376)</u>	<u>-</u>	<u>1,913,322</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,171,198</u>	<u>\$ (200,376)</u>	<u>\$ -</u>	<u>\$ 1,970,822</u>

**CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 3 – CAPITAL ASSETS (continued)

Capital assets activity for the year ended June 30, 2020 is as follows:

Business-Type Activities:

	Balance July 1, 2019	Additions	Adjustments/ Deductions	Balance June 30, 2020
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 57,500	\$ -	\$ -	\$ 57,500
Total Capital Assets, Not Being Depreciated	57,500	-	-	57,500
Capital Assets, Being Depreciated:				
Infrastructure	235,874	-	-	235,874
Buildings	1,887,739	8,661	-	1,896,400
Improvements	235,723	-	-	235,723
Vehicles	1,208,315	-	-	1,208,315
Equipment	820,894	17,831	-	838,725
Total Capital Assets, Being Depreciated	4,388,545	26,492	-	4,415,037
Less Accumulated Depreciation:				
Infrastructure	(88,455)	-	-	(88,455)
Buildings	(709,012)	(75,582)	-	(784,594)
Improvements	(81,080)	-	-	(81,080)
Vehicles	(992,700)	(53,610)	-	(1,046,310)
Equipment	(230,423)	(70,477)	-	(300,900)
Total Accumulated Depreciation	(2,101,670)	(199,669)	-	(2,301,339)
Total Capital Assets, Being Depreciated, Net	2,286,875	(173,177)	-	2,113,698
Business-Type Activities Capital Assets, Net	\$ 2,344,375	\$ (173,177)	\$ -	\$ 2,171,198

Depreciation expense for the years ending June 30, 2021 and 2020 was \$200,376 and \$199,669, respectively.

NOTE 4 – TRANSPORTATION DEVELOPMENT ACT ALLOCATIONS

The City receives TDA funds from the County of Kings LTF in accordance with resolutions by the Kings County Association of Governments. The amounts identified are to be expended in accordance with Public Utilities Code Section 99400(a).

**CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 5 – STATE TRANSIT ASSISTANCE PROGRAM ALLOCATIONS

The City receives State Transit Assistance Program allocations from the County of Kings State Transit Assistance Fund. State Transit Assistance funds are to be used for transit operations. Funds shall not be allocated for operating purposes pursuant to Sections 99313 and 99314 to an operator unless the operator meets efficiency standards as described in Section 99314.6. The City is not in compliance in the current year as the increase in the operating cost per service hour is more than the prior year’s cost per hour taking into account the Consumer Price Index (CPI). The City’s average total operating cost per vehicle service hour in the three years preceding the current 2021 fiscal year multiplied by the CPI for the same period is above and thus not in compliance, as shown below:

	2020/21	2019/20	2018/19	2017/18	CPI 2.30%	3 Year Average	Preceding 3 Year Average Adjusted by CPI
Total Operating Cost	\$ 622,624	\$ 721,067	\$ 568,019	\$ 733,795		\$ 637,237	\$ 674,294
Total Vehicle Service Hours	2,473	4,289	5,232	5,232		3,998	4,918
Operating Cost per Vehicle Service Hours	<u>\$ 252</u>	<u>\$ 168</u>	<u>\$ 109</u>	<u>\$ 140</u>		<u>\$ 159</u>	<u>\$ 140</u>

NOTE 6 – TRANSPORTATION DEPARTMENT ADMINISTRATION – FARE RATIOS

The City qualifies for TDA funding as a transit operator under PUC Section 99268.4. Under this code, the City must maintain, for the fiscal year, a ratio of fare revenues to operating cost (as defined by PUC Section 99247) at least equal to 10%. The ratios for fiscal years ended June 30, 2021 and 2020, were 6.82% and 8.78%, respectively. Since the current year ratio is below the 10% requirement, the City is not in compliance under PUC Section 99268.4.

	2021	2020
Fare Revenue	<u>\$ 42,435</u>	<u>\$ 63,304</u>
Total Operating Expenses	\$ 1,138,119	\$ 1,115,839
Allowable TDA Adjustments:		
Exclusion/Exemptions	315,119	195,103
Depreciation	<u>200,376</u>	<u>199,669</u>
Net Operating Expenses	<u>\$ 622,624</u>	<u>\$ 721,067</u>
Fare Revenue Ratio	6.82%	8.78%

**CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 7 – ADVANCES – TDA AND GRANT FUNDING

Advances – TDA and Grant Funding for the LTF Funds of the City for the years ended June 30, 2021 and 2020 are as follows:

	2021	(restated) 2020
Local Transportaton Fund - Special Revenue Fund		
Advances - TDA Funding, beginning of year	\$ 223,095	\$ 124,903
TDA funds allocated	247,512	98,192
TDA funds earned	(73,239)	-
Advances - TDA Funding, end of year	<u>\$ 397,368</u>	<u>\$ 223,095</u>
Local Transportaton Fund - Enterprise Fund		
Advances - Grant Funding, beginning of year	\$ 292,395	\$ 270,392
Grant funds allocated	459,616	290,390
Grant funds earned	(484,221)	(268,387)
Advances - Grant Funding, end of year	<u>\$ 267,790</u>	<u>\$ 292,395</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Plan Descriptions: All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided: All LTF Funds employees are covered by the benefit terms of the Miscellaneous Benefit Plan of the City of Corcoran. See the City of Corcoran Annual Financial Report for more information regarding total employees covered and benefits provided.

Contributions: Section 20814(c) of the California Public Employees' Retirement Law (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 1st following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The City of Corcoran is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)

Net Pension Liability: The LTF Funds net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability for the Plans is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions - The total pension liabilities in the June 30, 2019 and the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate-	7.15%
Inflation-	2.50%
Payroll Growth	2.75%
Investment Rate of Return-	7.15%
Mortality Rate Table ¹ -	Derived using CalPERS' Membership Data for all Funds

¹The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvement using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.15 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. 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 68 section.

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

In determining the long-term expected rate of return, 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.

**CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)

Discount Rate (continued):

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

Asset Class	New Strategic Allocation	Real Return Years 1-10*	Real Return Years 11+**
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Asset	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

* An expected inflation of 2.00% used for this period

** An expected inflation of 2.92% used for this period

Changes in the Net Pension Liability: See the City of Corcoran’s Annual Financial Report for a full schedule of changes in the Net Pension Liability.

The LTF Fund’s proportionate share of the total City of Corcoran’s Net Pension Liability, \$630,243, for the year ending June 30, 2021 was 8.65%. This was calculated based on total contributions made on behalf of the LTF Funds during the year as a proportionate share of the total contributions made by the City of Corcoran.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: See the City of Corcoran’s Annual Financial Report for a full schedule of sensitivity of the net pension liability to changes in the discount rate.

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan: As of June 30, 2021 and 2020, there was no outstanding amount of contributions to the pension plan required.

**CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: For the year ended June 30, 2021, the LTF Funds recognized pension expense of \$89,994. At June 30, 2021, the LTF Funds reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 54,488	\$ -
Changes of assumptions	-	7,593
Difference between actual and expected experience	38,863	-
Net differences between projected and actual earnings	16,078	-
Change in employer's proportion	40,507	-
Differences between the employer's actual contributions and the employer's proportionate share of contributions	-	31,797
Total	\$ 149,936	\$ 39,390

Deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2022	\$ 9,996
2023	21,038
2024	16,234
2025	8,790
Total	\$ 56,058

NOTE 9 – RISK MANAGEMENT

The LTF Funds are 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. The LTF Funds provides coverage for these losses through commercial insurance policies and/or through participation in conjunction with the City's participation in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority. Refer to the City of Corcoran Annual Financial Report for additional information.

NOTE 10 – ECONOMIC DEPENDENCY

The LTF Funds of the City receive a substantial amount of their support from a statewide retail sales tax from the Local Transportation and State Transit Assistance Fund created by the TDA. A significant reduction in the level of this support, if this was to occur, may have a significant impact on the LTF Funds activity.

CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 11 – STATE OF GOOD REPAIR FUNDS

For the fiscal year ended June 30, 2018, the Local Transportation Fund - Enterprise Fund of the TDA received a total of \$26,992 of State of Good Repair (SGR) Funds from the State of California SB1, under PUC 93313 and PUC 93314. During the years ended June 30, 2021 and 2020, the Local Transportation Fund – Enterprise Fund of the TDA had expended \$0 of the SGR Funds, leaving \$26,992 as unearned revenue as of June 30, 2021 and 2020, as recorded in the Advances – Grant Funding as presented on the Statements of Net Position, Local Transportation Fund – Enterprise Fund.

NOTE 12 – PRIOR PERIOD ADJUSTMENT/RESTATEMENT

For the fiscal year ended June 30, 2020, a prior period adjustment of (\$30,762) was recorded in the Local Transportation Fund - Enterprise Fund of the TDA to adjust for grant revenues inappropriately reclassified from unearned revenues to earned revenues recorded in a prior period.

A prior period restatement of (\$22,868) was recorded in the Local Transportation Fund - Enterprise Fund of the TDA to adjust for grant revenues inappropriately reclassified from unearned revenues to earned revenues during the year ended June 30, 2020.

NOTE 13 – COVID-19 CONTINGENCY

On March 4, 2020, Governor Newsom issued an emergency proclamation declaring a State of Emergency in California due to the novel Coronavirus (COVID-19). The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. A vaccination has been created and is being administered throughout the state, including the LTF Funds of the City's service area. The ultimate impact of COVID-19 on the LTF Funds of the City is unknown.

**CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS**

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS
SCHEDULE OF THE ENTERPRISE FUND'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST 10 YEARS***

	2021	2020	2019	2018	2017	2016	2015
Miscellaneous Plan:							
Enterprise Fund's proportion percentage of the net pension liability	6.75%	5.91%	5.28%	5.42%	5.87%	5.00%	4.11%
Enterprise Fund's proportionate share of the net pension liability	\$ 630,243	\$ 510,067	\$ 422,411	\$ 442,315	\$ 418,712	\$ 278,294	\$ 229,709
Enterprise Fund's covered-employee payroll	\$ 261,498	\$ 217,016	\$ 182,575	\$ 190,482	\$ 198,099	\$ 245,328	\$ 235,567
Enterprise Fund's proportionate share of the net pension liability as a percentage of their covered-employee payroll	241.01%	235.04%	231.36%	232.21%	211.36%	113.44%	97.51%
Plan fiduciary net position as a percentage of the total pension liability	73.92%	75.08%	75.76%	74.05%	75.11%	79.05%	77.90%

Notes to Schedule:

Changes in Benefit Terms: There were no changes in benefits.

Changes in assumptions: There were no changes in 2020 or 2018. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and review of Actuarial Assumptions December 2017. In 2016, The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense. In 2017, the discount rate was changed from 7.65 percent to 7.15 percent.

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown. As time passes, additional years will be shown until a full ten-year history is available.

**CITY OF CORCORAN
TRANSPORTATION DEVELOPMENT ACT FUNDS
LOCAL TRANSPORTATION FUNDS
SCHEDULE OF THE ENTERPRISE FUND'S CONTRIBUTIONS
LAST 10 YEARS***

	2021	2020	2019	2018	2017	2016	2015
Miscellaneous Plan:							
Contractually required contribution	\$ 84,581	\$ 65,580	\$ 50,345	\$ 44,982	\$ 40,369	\$ 30,575	\$ 26,088
Contributions in relation to the contractually required contribution	<u>84,581</u>	<u>65,580</u>	<u>50,345</u>	<u>44,982</u>	<u>40,369</u>	<u>30,575</u>	<u>26,088</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Enterprise Fund's covered-employee payroll	\$ 261,498	\$ 217,016	\$ 182,575	\$ 190,482	\$ 198,099	\$ 245,328	\$ 235,567
Contributions as a percentage of covered-employee payroll	32.34%	30.22%	27.58%	23.61%	20.38%	12.46%	11.07%

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown. As time passes, additional years will be shown until a full ten-year history is available.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE WITH THE TRANSPORTATION DEVELOPMENT ACT AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council of
Corcoran, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Transportation Development Act (TDA) Funds of the City of Corcoran, California (the City), pertaining to Article 4 Section 99260; Article 8 Sections 99400(a), 99233.1 and 990402; and Article 6.5 State Transit Assistance California Administrative Code Sections 6734 and 6735 of the Public Utilities Code as recorded in the City's Local Transportation Funds (LTF) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the LTF Funds of the City's financial statements, and have issued our report thereon dated March 31, 2022.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the LTF Funds of the City's internal control over financial reporting (internal control) to determine 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 LTF Funds of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the LTF Funds of the City'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LTF Funds of the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including, the applicable provisions of the TDA, including Public Utilities Code Section 99245 as enacted and amended by statute through June 30, 2021; and the allocation instructions and resolutions of the Transportation Planning Agency as required by Section 6667 of the California Administrative Code, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. Our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the Transportation Development Act. See matters of noncompliance with the Transportation Development Act in Notes 5 and 6 of the financial statements.

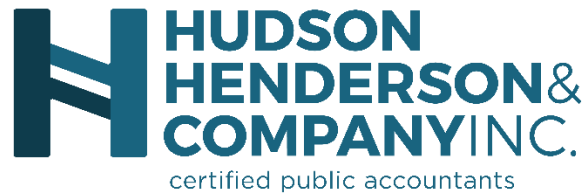
Purpose of this Report

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 LTF Funds of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." in a cursive script.

Fresno, California
March 31, 2022



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE PUBLIC TRANSPORTATION
MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)**

To the City Council of
Corcoran, California

We have examined the City of Corcoran's (the City) compliance with the verification of receipt and appropriate expenditure of bond funds audit requirements per the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Guidelines, dated July 2013, during the year ended June 30, 2021. Management is responsible for the City's compliance with those requirements.

Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2021.

This report is intended solely for the information and use of the Kings County Association of Governments, management of the City, the State of California Department of Transportation, and State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
March 31, 2022