

**COUNTY OF KINGS
ROAD FUND – NON-TRANSIT OPERATIONS,
LOCAL TRANSPORTATION FUND, AND
STATE TRANSIT ASSISTANCE FUND**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

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

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Fund Financial Statements:	
Road Fund – Non-Transit Operations:	
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance	4
Local Transportation Fund:	
Statements of Fiduciary Net Position.....	5
Statements of Changes in Fiduciary Net Position	6
State Transit Assistance Fund	
Statements of Fiduciary Net Position.....	7
Statements of Changes in Fiduciary Net Position	8
Notes to Financial Statements.....	9
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 <i>Government Auditing Standards</i>	16



INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
County of Kings, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Road Fund – Non-Transit Operations, Local Transportation Fund (LTF) and State Transit Assistance (STA) Fund of the County of Kings, California (the County), pertaining to Article 8 Section 99400(a) of the Public Utilities Code as recorded in the County's Road Fund, and pertaining to Article 6.5 allocations under the Public Utilities Code Sections 99313 and 99314 as recorded in the LTF and STA Fund of the County as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Road Fund – Non-Transit Operations, LTF and STA Fund of the County, as of June 30, 2021 and 2020, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 1 to the financial statements, the financial statements present only the Road Fund – Non-Transit Operations, LTF and STA Fund of the County referred to above and are not intended to present the financial position of the County as a whole and the respective changes in financial position, or where applicable, its cash flows for the year 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2022 on our consideration of the Road Fund – Non-Transit Operations, LTF and STA Fund of the County'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 Road Fund – Non-Transit Operations, LTF and STA Fund of the County's internal control over financial reporting and compliance.

HUDSON HENDERSON & COMPANY, INC.

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

Fresno, California
February 15, 2022

**COUNTY OF KINGS
ROAD FUND - NON-TRANSIT OPERATIONS
BALANCE SHEETS
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Current Assets		
Cash and investments	<u>\$ -</u>	<u>\$ -</u>
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Advances - TDA funding	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balance		
Restricted	<u>-</u>	<u>-</u>
Total Fund Balance	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**COUNTY OF KINGS
ROAD FUND - NON-TRANSIT OPERATIONS
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
REVENUES		
Allocation from County of Kings Local Transportation Fund	<u>\$ 1,053,249</u>	<u>\$ 772,377</u>
Total Revenues	<u>1,053,249</u>	<u>772,377</u>
EXPENDITURES		
Street and road maintenance	<u>1,053,249</u>	<u>772,377</u>
Total Expenditures	<u>1,053,249</u>	<u>772,377</u>
Net Change in Fund Balance	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**COUNTY OF KINGS
LOCAL TRANSPORTATION FUND
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Current Assets		
Cash and investments	<u>\$ 6,006</u>	<u>\$ 16,601</u>
Total Assets	<u><u>\$ 6,006</u></u>	<u><u>\$ 16,601</u></u>
 LIABILITIES AND NET POSITION		
Liabilities		
Due to claimants	<u>\$ 6,006</u>	<u>\$ 16,601</u>
Total Liabilities	<u>6,006</u>	<u>16,601</u>
Net Position		
Held in trust	<u>-</u>	<u>-</u>
Total Liabilities and Net Position	<u><u>\$ 6,006</u></u>	<u><u>\$ 16,601</u></u>

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

**COUNTY OF KINGS
LOCAL TRANSPORTATION FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
ADDITIONS		
Allocation from State Local Transportation Fund	\$ 5,858,353	\$ 4,576,303
Interest and investment earnings	<u>26,443</u>	<u>19,730</u>
Total Additions	<u>5,884,796</u>	<u>4,596,033</u>
DEDUCTIONS		
Allocation to claimants	<u>5,884,796</u>	<u>4,596,033</u>
Total Deductions	<u>5,884,796</u>	<u>4,596,033</u>
Net Change in Net Position	-	-
Net Position, Beginning of Year	<u>-</u>	<u>-</u>
Net Position, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**COUNTY OF KINGS
STATE TRANSIT ASSISTANCE FUND
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Current Assets		
Cash and investments	<u>\$ 121</u>	<u>\$ 2,773</u>
Total Assets	<u><u>\$ 121</u></u>	<u><u>\$ 2,773</u></u>
 LIABILITIES AND NET POSITION		
Liabilities		
Due to claimants	<u>\$ 121</u>	<u>\$ 2,773</u>
Total Liabilities	<u>121</u>	<u>2,773</u>
Net Position		
Held in trust	<u>-</u>	<u>-</u>
Total Liabilities and Net Position	<u><u>\$ 121</u></u>	<u><u>\$ 2,773</u></u>

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

**COUNTY OF KINGS
STATE TRANSIT ASSISTANCE FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
ADDITIONS		
State Transit Assistance	\$ 1,094,073	\$ 1,347,520
Interest and investment earnings	799	4,130
	<u>1,094,872</u>	<u>1,351,650</u>
DEDUCTIONS		
Allocation to claimants	<u>1,094,872</u>	<u>1,351,650</u>
	<u>1,094,872</u>	<u>1,351,650</u>
Net Change in Net Position	-	-
Net Position, Beginning of Year	<u>-</u>	<u>-</u>
Net Position, End of Year	<u>\$ -</u>	<u>\$ -</u>

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

**COUNTY OF KINGS
ROAD FUND - NON-TRANSIT OPERATIONS,
LOCAL TRANSPORTATION FUND, AND
STATE TRANSIT ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Kings County Association of Governments is the Regional Transportation Planning Agency that is responsible for transportation planning activities as well as administration of the Local Transportation Fund (LTF) and State Transit Assistance (STA) Fund of the County of Kings, California (the County). The LTF was created under the Transportation Development Act (TDA) to collect ¼ cent of the State’s 7.5 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 tax collected in the county. The STA fund is a second source of TDA funding for transportation planning and mass transportation purposes as specified by California Legislation.

Article 4 and Article 8 allocations under Public Utilities Code Sections 99260, 99400(a), and 99402 of the TDA are recorded in the LTF (Fund No. 7850) of the County. Based on resolutions by the Kings County Association of Governments Transportation Policy Committee, the revenue is allocated to the Cities of Avenal, Corcoran, Hanford and Lemoore, as well as the Kings County Association of Governments Fund, Kings County Regional Transportation Planning Agency Fund, and the Road Fund (Fund No. 1100) of the County.

Article 6.5 allocations under Public Utilities Code Sections 99313 and 99314 of the TDA are recorded in the STA Fund of the County (Fund No. 7875). The revenue is allocated to the County of Corcoran and the Kings County Area Rural Transit.

Article 8 allocations under Public Utilities Code Section 99400(a) of the TDA are recorded in the Road Fund of the County.

The financial statements included in this report are intended to present the financial position and results of operations of only the transactions of the Road Fund – Non-Transit Operations, LTF and STA Fund of the County. They are not intended to present the financial position and the results of operations of the County taken as a whole. For additional information regarding the County, please refer to the Annual Comprehensive Financial Report available from the County.

Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The financial statements of the Road Fund – Non-Transit Operations, LTF and STA Fund of the County 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.

- Fund Financial Statements-

The Road Fund – Non-Transit Operations of the County is accounted for using a flow of 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 Sheets. The Statements 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 Road Fund – Non-Transit Operations of the County considers revenues to be available if they are collected within one hundred eighty 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.

**COUNTY OF KINGS
ROAD FUND - NON-TRANSIT OPERATIONS,
LOCAL TRANSPORTATION FUND, AND
STATE TRANSIT ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued):

- Fiduciary Funds-

The LTF and STA fund of the County are agency funds in which the County's role is purely custodial, such as the receipt of monies, temporary investment and remittance to other parties outside the County.

When both restricted and unrestricted resources are available for use, it is the Road Fund – Non-Transit Operations of the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments: The Road Fund – Non-Transit Operations, LTF and STA Fund of the County maintain their cash accounts with the County of Kings Treasury as part of the common investment pool. The County 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 County's investment policy authorize the County 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 County 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 County Treasury.

Credit quality ratings are not available for the Road Fund – Non-Transit Operations, LTF and STA Fund of the County investments as all cash is invested as part of the common investment pool of the County. The Road Fund – Non-Transit Operations, LTF and STA Fund of the County do not have any deposits with financial institutions as of June 30, 2021 and 2020.

Non-Exchange Transactions: Non-exchange transactions, in which the Road Fund – Non-Transit Operations, LTF and STA Fund of the County gives or receives value without directly receiving or giving equal value in exchange, include Article 8 allocations under Public Utilities Code Section 99400(a) 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 County recognizes deferred outflows and inflows of resources.

In addition to assets, the Balance Sheets 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 Road Fund – Non-Transit Operations, LTF and STA Fund of the County that is applicable to a future reporting period.

In addition to liabilities, the Balance Sheets 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 Road Fund – Non-Transit Operations, LTF and STA Fund of the County that is applicable to a future reporting period.

**COUNTY OF KINGS
ROAD FUND - NON-TRANSIT OPERATIONS,
LOCAL TRANSPORTATION FUND, AND
STATE TRANSIT ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Budgeting Procedures: Each year management of the Road Fund – Non-Transit Operations, LTF and STA Fund of the County prepares a proposed budget, which is presented to the County Board of Supervisors. 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.

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 Road Fund – Non-Transit Operations of the County 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 Road Fund – Non-Transit Operations of the County itself, using its highest level of decision-making authority (Board of Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the Road Fund – Non-Transit Operations of the County takes the same highest level action to remove or change the constraint.
- *Assigned* – Amounts the Road Fund – Non-Transit Operations of the County intends to use for a specific purpose. Intent can be expressed by the TDA Fund of the County or by an official or body to which the Board of Commissioners delegates the authority.
- *Unassigned* – Amounts that are available for any purpose. Positive amounts are reported only in the General Fund of the County.

The Road Fund – Non-Transit Operations of the County 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 Road Fund – Non-Transit Operations of the County through adoption or amendment of the budget, or future year budget, plan as intended for a specific purpose.

The Road Fund – Non-Transit Operations of the County’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Governmental Accounting Standards Update: During the year ending June 30, 2021, the Road Fund – Non-Transit Operations, LTF and STA Fund of the County implemented the following standards:

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.

**COUNTY OF KINGS
ROAD FUND - NON-TRANSIT OPERATIONS,
LOCAL TRANSPORTATION FUND, AND
STATE TRANSIT ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Accounting Standards Update (continued):

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 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.

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 February 15, 2022, which is the date the financial statements were available to be issued.

**COUNTY OF KINGS
ROAD FUND - NON-TRANSIT OPERATIONS,
LOCAL TRANSPORTATION FUND, AND
STATE TRANSIT ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 2 – CASH AND INVESTMENTS

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

	2021	2020
Road Fund		
Cash in County of Kings Treasury	<u>\$ -</u>	<u>\$ -</u>
LTF Fund		
Cash in County of Kings Treasury	<u>\$ 6,006</u>	<u>\$ 16,601</u>
Total Interest and Investment Earnings from County of Kings	<u>\$ 26,443</u>	<u>\$ 19,730</u>
STA Fund		
Cash in County of Kings Treasury	<u>\$ 121</u>	<u>\$ 2,773</u>
Total Interest and Investment Earnings from County of Kings	<u>\$ 799</u>	<u>\$ 4,130</u>

See the County of Kings Annual Comprehensive Financial Report for disclosure related to risks and fair value measurements.

NOTE 3 – ADVANCES – TDA FUNDING

Advances – TDA Funding for the Road Fund – Non-Transit Operations, LTF and STA Fund of the County for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Road Fund		
Advances - TDA Funding, beginning of year	\$ -	\$ -
TDA funds allocated	1,053,249	772,377
TDA funds earned	<u>(1,053,249)</u>	<u>(772,377)</u>
Advances - TDA Funding, end of year	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 – TRANSPORTATION DEVELOPMENT ACT ALLOCATIONS

The County receives TDA funds from the County of Kings LTF, as recorded in the Road Fund – Non-Transit Operations, 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).

**COUNTY OF KINGS
ROAD FUND - NON-TRANSIT OPERATIONS,
LOCAL TRANSPORTATION FUND, AND
STATE TRANSIT ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 5 – ALLOCATIONS TO CLAIMANTS

In accordance with resolutions of the Kings County Association of Governments Transportation Policy Committee, allocations received under the TDA and the interest earned thereon were allocated as follows:

	<u>Public Utilities Code Section</u>	2021	2020
Kings County Regional Transportation Planning Agency Fund	99402	\$ 192,000	\$ 91,700
Kings County Area Public Transit Agency Fund	99260(a)	946,622	1,200,000
City of Avenal	99260(a)	8,000	4,000
City of Avenal	99400(a)	426,762	327,879
City of Corcoran	99260(a)	541,954	597,721
City of Corcoran	99400(a)	247,512	42,046
City of Hanford	99400(a)	1,702,659	1,089,048
City of Lemoore	99400(a)	766,038	471,262
Road Fund - Non-Transit Operations	99400(a)	<u>1,053,249</u>	<u>772,377</u>
		<u>\$ 5,884,796</u>	<u>\$ 4,596,033</u>

NOTE 6 – ECONOMIC DEPENDENCY

The Road Fund – Non-Transit Operations of the County received the majority of its funding from one source, by Section 99400(a) of the Public Utilities Code. The total amount of revenue from the Public Utilities Code was \$1,053,249 and \$772,377, or 100%, of the total revenue for the years ending June 30, 2021 and 2020, respectively. The Road Fund – Non-Transit Operations of the County is thus subject to possible risk of reductions in services and/or closure due to potential future changes of Section 99400(a) of the Public Utilities Code.

**COUNTY OF KINGS
ROAD FUND - NON-TRANSIT OPERATIONS,
LOCAL TRANSPORTATION FUND, AND
STATE TRANSIT ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 7 – ALLOCATIONS AND DISBURSEMENTS

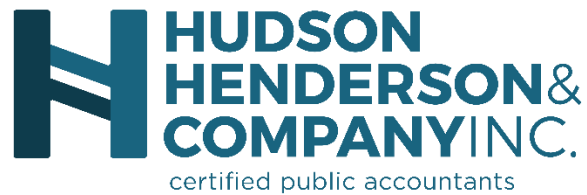
The following is a schedule of allocations and disbursements for the fiscal years ended June 30, 2021 and 2020:

<u>Funding Source</u>	<u>Allocations Outstanding as of June 30, 2020</u>	<u>Allocated</u>	<u>Disbursed</u>	<u>Allocations Outstanding as of June 30, 2021</u>
LTF Fund	\$ 16,601	\$ 5,884,796	\$ (5,895,391)	\$ 6,006
STA Fund	\$ 2,773	\$ 1,094,872	\$ (1,097,524)	\$ 121

<u>Funding Source</u>	<u>Allocations Outstanding as of June 30, 2019</u>	<u>Allocated</u>	<u>Disbursed</u>	<u>Allocations Outstanding as of June 30, 2020</u>
LTF Fund	\$ 13,843	\$ 4,596,033	\$ (4,593,275)	\$ 16,601
STA Fund	\$ 56,647	\$ 1,351,650	\$ (1,405,524)	\$ 2,773

NOTE 8 – CONTINGENCIES

Management has determined the events regarding the Novel Coronavirus (COVID-19) require disclosure in accordance with accounting standards. On March 4, 2020, Governor Newsom issued an emergency proclamation declaring a State of Emergency in California due to 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 County’s service area. The ultimate impact of COVID-19 on the Road Fund – Non-Transit Operations, LTF and STA Fund of the County is unknown.



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 Board of Supervisors
County of Kings, 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 Road Fund – Non-Transit Operations, Local Transportation Fund (LTF) and State Transit Assistance (STA) Fund of the County of Kings, California (the County), pertaining to Article 8 Section 99400(a) of the Public Utilities Code as recorded in the County's Road Fund, and pertaining to Article 6.5 allocations under the Public Utilities Code Sections 99313 and 99314 as recorded in the LTF and STA Fund of the County as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the financial statements as listed in the table of contents, and have issued our report thereon dated February 15, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Road Fund – Non-Transit Operations, LTF and STA Fund of the County'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 Road Fund – Non-Transit Operations, LTF and STA Fund of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Road Fund – Non-Transit Operations, LTF and STA Fund of the County'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 Road Fund – Non-Transit Operations, LTF and STA Fund of the County'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 6666 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 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* or the Transportation Development Act.

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 Road Fund – Non-Transit Operations, LTF and STA Fund of the County’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Transportation Development Act 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
February 15, 2022