



Report of Independent Auditors and Financial Statements

**County of Kings
Road Fund – Non-Transit Operations, Local
Transportation Fund, and State Transit Assistance
Fund**

June 30, 2023 and 2022

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Report of Independent Auditors

The Board of Supervisors
County of Kings, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Road Fund – Non-Transit Operations Department, Local Transportation Custodial Fund Department, and State Transit Custodial Fund Department of the County of Kings, California (the County) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County’s financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Road Fund – Non-Transit Operations Department, Local Transportation Department Custodial Fund, and State Transit Department Custodial Fund of the County of Kings, California as of June 30, 2023, and the respective changes in financial position for the 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 County 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only Road Fund – Non-Transit Operations Department, Local Transportation Custodial Fund Department, and State Transit Custodial Fund Department and do not purport to, and do not, present fairly the financial position of the County of Kings, California, as of June 30, 2023, the changes in its 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.

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.

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 GAAS 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 GAAS 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 County'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.

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing 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 the 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 Matter

Auditor's Report on the 2022 Financial Statements

The 2022 financial statements of the Road Fund – Non-Transit Operations Department, Local Transportation Custodial Fund Department, and State Transit Custodial Fund Department of the County of Kings, California were audited by predecessor auditors whose report dated February 6, 2023, expressed unmodified opinions on those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2024, on our consideration 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 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 County'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 County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Medford, Oregon

May 14, 2024

Department Financial Statements

County of Kings
Road Fund – Non-Transit Operations Department
Balance Sheets
June 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ -	\$ -
Total assets	\$ -	\$ -
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ -	\$ -
Advances – TDA funding	-	-
Total liabilities	-	-
FUND BALANCE		
Restricted	-	-
Total fund balance	-	-
Total liabilities and fund balance	\$ -	\$ -

See accompanying notes.

County of Kings
Road Fund – Non-Transit Operations Department
Statements of Revenues, Expenditures, and Changes in Fund Balance
Years Ended June 30, 2023 and 2022

	2023	2022
REVENUES		
Allocation from County of Kings Local Transportation Fund	\$ 1,045,613	\$ 1,138,119
Total revenues	1,045,613	1,138,119
EXPENDITURES		
Street and road maintenance	1,045,613	1,138,119
Total expenditures	1,045,613	1,138,119
Net change in fund balance	-	-
FUND BALANCE, beginning of year	-	-
FUND BALANCE, end of year	\$ -	\$ -

See accompanying notes.

County of Kings
Local Transportation Custodial Fund Department
Statements of Fiduciary Net Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and investments	<u>\$ 824,803</u>	<u>\$ 6,715</u>
Total assets	<u>824,803</u>	<u>6,715</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Due to claimants	<u>824,803</u>	<u>6,715</u>
Total liabilities	<u>824,803</u>	<u>6,715</u>
NET POSITION		
Held in trust	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes.

County of Kings
Local Transportation Custodial Fund Department
Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
ADDITIONS		
Allocation from State Local Transportation Fund	\$ 6,618,243	\$ 6,456,003
Interest and investment earnings	15,055	11,815
Total additions	6,633,298	6,467,818
DEDUCTIONS		
Allocation to claimants	6,633,298	6,467,818
Total deductions	6,633,298	6,467,818
Net change in net position	-	-
NET POSITION, beginning of year	-	-
NET POSITION, end of year	\$ -	\$ -

See accompanying notes.

County of Kings
State Transit Assistance Custodial Fund Department
Statements of Fiduciary Net Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 164	\$ 410
Receivable	<u>539,428</u>	<u>-</u>
Total assets	<u>539,592</u>	<u>410</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Due to claimants	<u>539,592</u>	<u>410</u>
Total liabilities	<u>539,592</u>	<u>410</u>
NET POSITION		
Held in trust	<u><u>\$ 539,592</u></u>	<u><u>\$ 410</u></u>

See accompanying notes.

County of Kings
State Transit Assistance Custodial Fund Department
Statements of Changes in Fiduciary Net Position
For the Years Ended June 30, 2023 and 2022

	2023	2022
ADDITIONS		
State Transit Assistance	\$ 2,077,607	\$ 1,431,856
Interest and investment earnings	2,681	1,416
Total additions	2,080,288	1,433,272
DEDUCTIONS		
Allocation to claimants	2,080,288	1,433,272
Total deductions	2,080,288	1,433,272
Net change in net position	-	-
NET POSITION, beginning of year	-	-
NET POSITION, end of year	\$ -	\$ -

See accompanying notes.

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 7.25% 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 Custodial 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 Department, LTF, and STA Custodial Funds 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 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 Department, LTF and STA Custodial Funds 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 Department 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.

County of Kings
Road Fund – Non-Transit Operations, Local Transportation Fund, and
State Transit Assistance Fund
Notes to Financial Statements

For this purpose, the Road Fund – Non-Transit Operations Department of the County considers revenues to be available if they are collected within 180 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.

Fiduciary funds – The LTF and STA department custodial fund departments of the County are custodial fund departments 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 Department 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 Department, LTF and STA Custodial Fund Departments 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. 72, *Fair Value Measurement and Application*, 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 Department, LTF and STA Custodial Fund Departments 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 Department, LTF and STA Custodial Fund Departments of the County do not have any deposits with financial institutions as of June 30, 2023 and 2022.

Nonexchange transactions – Nonexchange transactions, in which the Road Fund – Non-Transit Operations Department, LTF and STA Custodial Fund Departments 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.

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.

County of Kings
Road Fund – Non-Transit Operations, Local Transportation Fund, and
State Transit Assistance Fund
Notes to Financial Statements

Budgeting procedures – Each year management of the Road Fund – Non-Transit Operations Department, LTF, and STA Custodial Fund Departments 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 Department 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 Department 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 Department of the County takes the same highest-level action to remove or change the constraint.
- *Assigned* – Amounts the Road Fund – Non-Transit Operations Department 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 Department 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 Department 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 Department 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.

County of Kings
Road Fund – Non-Transit Operations, Local Transportation Fund, and
State Transit Assistance Fund
Notes to Financial Statements

Governmental accounting standards update – During the year ended June 30, 2023, the Road Fund – Non-Transit Operations Department, LTF, and STA Custodial Fund Departments of the County implemented the following standards:

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. This statement did not have a significant impact to the financial statements.

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. This statement did not have a significant impact to the financial statements.

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. This statement did not have a significant impact to the financial statements.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. This statement did not have a significant impact to the financial statements.

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

GASB Statement No. 99 – Omnibus 2022. The requirements related to leases, PPPs, and SBITAs of this statement are effective for reporting periods beginning after June 15, 2022. The requirement related to financial Guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 100 – Accounting Changes and Error Corrections – an amendment of GASB statement No. 62. The requirements of this statement are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 101 – Compensated Absences. The requirements of this statement are effective for reporting periods beginning after June 15, 2023.

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.

County of Kings
Road Fund – Non-Transit Operations, Local Transportation Fund, and
State Transit Assistance Fund
Notes to Financial Statements

Note 2 – Cash and Investments

Cash and investments as of June 30, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Road Fund		
Cash in County of Kings Treasury	<u>\$ -</u>	<u>\$ -</u>
LTF Fund		
Cash in County of Kings Treasury	<u>\$ 824,803</u>	<u>\$ 6,715</u>
Total interest and investment earnings from County of Kings	<u>\$ 2,780</u>	<u>\$ 11,815</u>
STA Fund		
Cash in County of Kings Treasury	<u>\$ 164</u>	<u>\$ 410</u>
Total interest and investment earnings from County of Kings	<u>\$ 2,681</u>	<u>\$ 1,416</u>

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

Note 3 – Advances – TDA Funding

Advances – TDA Funding for the Road Fund – Non-Transit Operations Department for the years ended June 30, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Road Fund		
Advances – TDA Funding, beginning of year	\$ -	\$ -
TDA funds allocated	1,045,613	1,138,119
TDA funds earned	<u>(1,045,613)</u>	<u>(1,138,119)</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 Department, 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

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 follow:

	Public Utilities Code Section	2023	2022
Kings County Regional Transportation Planning Custodial Fund	99402	\$ 347,100	\$ 300,000
Kings County Area Public Transit Custodial Fund	99260(a)	1,700,000	1,200,000
City of Avenal	99260(a)	4,000	8,000
City of Avenal	99400(a)	445,561	426,035
City of Corcoran	99260(a)	790,801	604,040
City of Corcoran	99400(a)	120,849	223,873
City of Hanford	99400(a)	1,423,998	1,743,033
City of Lemoore	99400(a)	755,376	824,718
Road Fund – Non-Transit Operations Department	99400(a)	1,045,613	1,138,119
		<u>\$ 6,633,298</u>	<u>\$ 6,467,818</u>

Note 6 – Economic Dependency

The Road Fund – Non-Transit Operations Department 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 \$1,045,613 and \$1,138,119, or 100%, of the total revenue for the years ended June 30, 2023 and 2022, respectively. The Road Fund – Non-Transit Operations Department 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

Note 7 – Allocations and Disbursements

The following is a schedule of allocations and disbursements for the fiscal years ended June 30, 2023 and 2022:

Funding Source	Allocations Outstanding as of June 30, 2022	Allocated	Disbursed	Allocations Outstanding as of June 30, 2023
LTF Fund	\$ 6,715	\$ 6,633,298	\$ (5,815,210)	\$ 824,803
STA Fund	\$ 410	\$ 2,080,288	\$ (1,541,106)	\$ 539,592

Funding Source	Allocations Outstanding as of June 30, 2021	Allocated	Disbursed	Allocations Outstanding as of June 30, 2022
LTF Fund	\$ 6,006	\$ 6,467,818	\$ (6,467,109)	\$ 6,715
STA Fund	\$ 121	\$ 1,433,272	\$ (1,432,983)	\$ 410

Report of Independent Auditors 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*

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 Department, Local Transportation Custodial Fund Department, and State Transit Custodial Fund Department of the County of Kings, California (the County) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

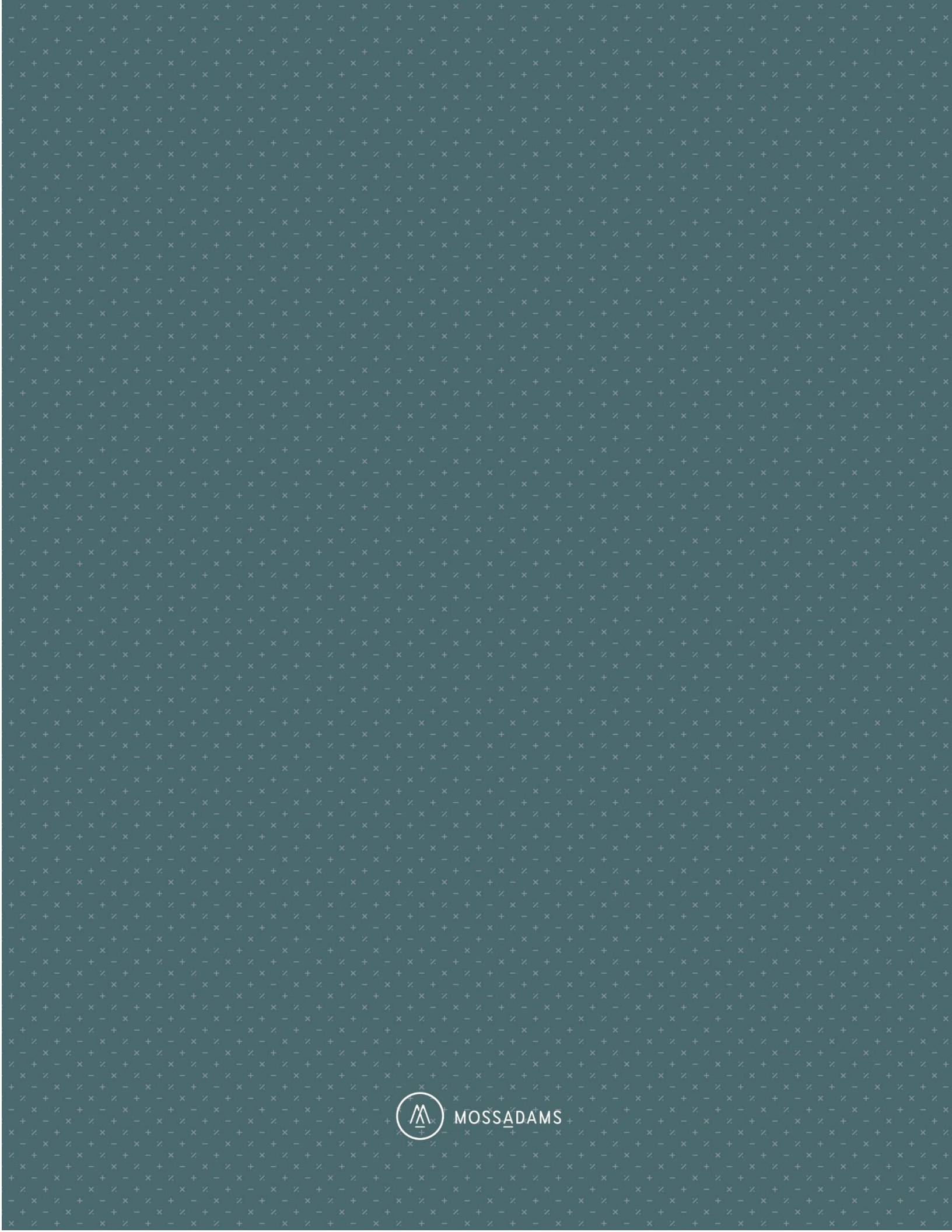
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

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 entity'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.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Medford, Oregon
May 14, 2024



MOSSADAMS