



900 H Street, Suite D
Modesto, CA 95354

NOTE: DIFFERENT LOCATION

**CONSOLIDATED PLANNING
COMMITTEE**

**Stanislaus Economic and Workforce Alliance
Conference Room
1020 10th Street, Suite 102
Modesto, CA
September 23, 2008 • 10:00 A.M.**

**TECHNICAL ADVISORY
COMMITTEE**

**Ceres City Hall – Council Chambers
2210 Magnolia Street
Ceres, CA
September 25, 2008 • 2:00 P.M.**

California Brown Act Requires:

This Agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans With Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (California Government Code § 54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact Sabrina Pinheiro, at (209) 525-4600, during regular business hours, at least twenty-four hours prior to the time of the meeting.

Notice Regarding Non-English Speakers:

Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the StanCOG Policy Board shall be in English and anyone wishing to address the Board is advised to have an interpreter or give StanCOG a 48 hour notice so that StanCOG can provide an interpreter from any language not English into the English language.

PUBLIC PARTICIPATION

Matters not on the posted agenda may be addressed by the general public at the beginning of the regular agenda and any off-agenda matters before the Committee for consideration. However, California law prohibits taking action on any matter which is not on the posted agenda unless it is determined to be an emergency by the Committee. Any member of the public wishing to address the Committee will be limited to five minutes or the discretion of the Chair.

Questions: Contact Sabrina Pinheiro at (209) 525-4600.

AGENDA

1. PUBLIC PARTICIPATION

These matters may be presented only by interested persons in the audience. Discussion is limited to five minutes, or at the discretion of the Chair.

2. CONSENT CALENDAR

- A. Acceptance of StanCOG’s Independent Auditor’s Reports for Fiscal Years Ending June 30, 2006 and June 30, 2007

MOTION

3. PRESENTATIONS

- A. Rideshare Program Annual Update – Commute Connection

4. PUBLIC HEARINGS
(NONE)

5. ORAL REPORT ITEMS

- | | |
|--|---------------|
| A. Non-Motorized Transportation Master Plan | MOTION |
| B. Bicycle Pedestrian Advisory Committee (BPAC) | MOTION |
| C. Recommendation to Adopt Amendment #1 to the 2009 Interim Federal Transportation Improvement Program (Type IV Formal Amendment) | MOTION |

6. INFORMATION ITEMS

The following items are for information only.

- A. Stanislaus Blueprint Planning Process Update**

7. STANISLAUS COUNCIL OF GOVERNMENTS ADVISORY COMMITTEES

- A. Policy Board Minutes, Special Meeting (6.30.08)**
- B. Policy Board Minutes (7.09.08)**

8. CALTRANS REPORT

9. EXECUTIVE DIRECTOR'S REPORT

10. ITEMS FROM THE FLOOR

Topics may be presented, but no action may be taken except to place an item on a future agenda

ADJOURNMENT

Next regular meeting scheduled for:


Consolidated Planning Committee
October 28, 2008 • 10:00 AM
10th Street Place, 1010 Tenth Street
Room 2005
Modesto, CA

Technical Advisory Committee
October 30, 2008 • 2:00 PM
Ceres City Hall
Council Chambers
2210 Magnolia Street
Ceres, CA

Consent Items

City of Ceres • City of Hughson • City of Modesto • City of Newman • City of Oakdale • City of Patterson
City of Riverbank • City of Turlock • City of Waterford • County of Stanislaus

TO: Consolidated Planning Committee Staff Report
Technical Advisory Committee **Motion**

FROM: Vincent Canales, Finance Director 

DATE: September 17, 2008

RE: StanCOG's Independent Auditor's Report –Fiscal Years Ending June 30, 2006
and June 30, 2007

Recommendation

By Motion:

Recommend that the Policy Board accept and file StanCOG's Independent Audit Reports for the fiscal years ending June 30, 2006 and June 30, 2007.

Background

In May of 2007, the CPA firm of Pressley & Associates, completed their independent auditor's reports on StanCOG's Financial Statements and Single Audit, required of federal grants, for the fiscal year ended June 30, 2006. Copies of the Audit Report and the Single Audit Report are enclosed for your review.

In May of 2008, the CPA firm of Dedekian, George, Small & Markarian completed their independent auditor's report on StanCOG's Financial Statements and Single Audit, required of federal grants, for the fiscal year ended June 30, 2007. Copies of the Audit Report and the Single Audit Report are enclosed for your review.

Discussion

For both fiscal years 2005-06 and 2006-07, StanCOG received an unqualified or "clean", opinion on the financial statements.

Fiscal Year 2005-06 Discussion

The Single Audit noted one reportable condition considered a material weakness concerning management of Transportation Development Act (TDA) funds. The Single Audit Report, page 8, Section B, states as follows:

Section B. Findings – Financial Statements Audit:

REPORTABLE CONDITION CONSIDERED A MATERIAL WEAKNESS

05-01. Transportation Development Act

Condition – Supplemental apportionment of State of California TDA funds have not been allocated and paid to the appropriate recipients based on Public Utility Code 99233.11.

Criteria – Internal controls should be in place that provide reasonable assurance that apportionments approved by the Board are carried out.

Effect – Because of the failure to require approval of timely transfers from the proper level of management, employees may disregard the intentions of the Board.

Recommendation – A reporting procedure should be required so that the employee's report to the Board required special revenue transfers.

Fiscal Year 2005-06 Corrective Action

Internal Controls were put in place to address this finding. Because this same finding occurred in the fiscal year 2003-04 audit, on the June 8, 2005 consent calendar, the Policy Board adopted a policy requiring

...that staff present to the Policy Board an action item to apportion supplemental Local Transportation Funds within three months of the supplemental funds being made available to StanCOG. A delay to such an apportionment would require Policy Board approval in order to ensure that the Policy Board is informed of the availability of supplemental Local Transportation Funds.

As a matter of public record, on the Policy Board meeting of September 13, 2006, staff requested that the Policy Board, by resolution, approve the fiscal year 2005-06 supplemental apportionment in the amount of \$1,458,391. With adoption of resolution number 06-04, the Policy Board concurred with staff's recommendations and apportioned the fiscal year 2005-06 supplemental Local Transportation Funds in accordance with the transit costs sharing procedures.

With regard to disbursements, the Jurisdictions, not StanCOG, have more direct control over the timing of their Supplemental payments for Street and Roads. If for example, the Jurisdiction does not submit a valid claim for their apportionment, StanCOG's cannot release the Local Transportation Funds held on the Jurisdiction's behalf.

In addition to the reportable condition, Pressley & Associates prepared a management letter addressed to the Executive Director concerning matters of "lesser significance." Staff has attached this letter, dated February 8, 2007, to this staff report.

Fiscal Year 2006-07 Discussion

For fiscal year 2006-07, no reportable conditions, material weaknesses, or management letter comments were reported by the Independent Auditor.

Attachments

vcanales@stancog.org

STANISLAUS COUNCIL OF GOVERNMENTS

AUDIT REPORT

JUNE 30, 2006

STANISLAUS COUNCIL OF GOVERNMENTS
June 30, 2006

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Stanislaus Council of Governments
Modesto, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stanislaus Council of Governments (Council), Modesto, California, as of and for the year ended June 30, 2006, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council, management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council, as of June 30, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2007, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, as listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Pressley & Associates, Inc.

Accountancy Corporation
February 8, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Stanislaus Council of Governments' (StanCOG's) management discussion and analysis is designed to: (a) assist the reader in focusing on **significant** financial issues, (b) provide an **overview** of the Agency's financial position, and (c) identify changes in the Agency's financial position. We encourage readers to consider the information here in conjunction with the Agency's financial statements that begin on page 9 of the report.

Financial Highlights

StanCOG's assets exceeded its liabilities by \$675,216 (net assets) for the fiscal year ended June 30, 2006. In the prior year, assets exceeded liabilities by \$971,099. This represents a decrease of \$295,883 in net assets from the prior year. StanCOG is reporting **unrestricted** net assets of a negative (\$322,535), which is a decrease of (\$960,954) from the prior year.

This is due, primarily, to the recognition and the reporting of the debt incurred to finance the preliminary engineering and design of the State Route 132 East Infill Project. The debt was not properly disclosed in previous financial statements. StanCOG did incur this debt to finance the first phase of this project. However, this debt will not be repaid from net assets. StanCOG has an AB 3090 agreement with Caltrans to receive \$1,415,000 to repay the debt with State Transportation Improvement Program (STIP) dollars. An offsetting receivable for the \$1,415,000 is **not** reported in the financial statements. In the opinion of our auditors, the existence of the AB 3090 agreement, by itself, does not meet the legal and accounting criteria required to record the accounts receivable.

Analysis of Significant Financial Changes

The following analysis highlights only major contributing factors that caused significant financial changes in balances from the previous year.

Statement of Net Assets

<u>Account</u>	<u>FY 05-06</u>	<u>FY 04-05</u>	<u>Increase (Decrease)</u>	<u>Notes</u>
Cash and cash equivalents	6,315,146	2,155,372	4,159,774	1
Sales tax receivable	1,662,141	1,383,605	278,536	2
Interest receivable	26,502	8,928	17,574	
Prepaid expenses	0	5,302	(5,302)	
Due from other governments	623,130	363,434	259,696	3
Capital assets	<u>0</u>	<u>2,716</u>	<u>(2,716)</u>	
Total Assets	<u>\$8,626,919</u>	<u>\$3,919,357</u>	<u>\$4,707,562</u>	
Accounts Payable	444,618	119,381	325,237	4
Wages and benefits payable	44,513	19,008	25,505	
Compensated absences	57,760	52,373	5,387	
Unearned revenue	175,898	0	175,898	5
Due to other governments	6,093,975	2,757,496	3,336,479	6
Notes payable	<u>1,134,939</u>	<u>0</u>	<u>1,134,939</u>	7
Total liabilities	<u>\$7,951,703</u>	<u>\$2,948,258</u>	<u>\$5,003,445</u>	

Invested in capital net of debt	0	2,716	(2,716)	
Restricted	997,751	329,964	667,787	8
Unrestricted	<u>(322,535)</u>	<u>638,419</u>	<u>(960,954)</u>	9
Total net assets	<u>\$675,216</u>	<u>\$971,099</u>	<u>\$(295,883)</u>	

Note 1 Cash and Cash Equivalents – Increase \$4,159,774

99% of this increase, or \$4,151,464, is attributable to three major factors: amounts held by StanCOG, but payable to the jurisdictions, increased by \$3,336,479 (See note 6); net assets increased by \$489,748 as a result of current year operations; accounts payable increased by \$325,237 over the previous year (See note 4).

Note 2 Sales Tax Receivable - Increase of \$278,536

99%, of this increase, or \$277,796, is comprised of two components: State Transit Assistance Funds (STA), and Local Transportation Funds (LTF), which were due to the Agency, but were not received until after the fiscal year. Below is a detail of the amounts due to StanCOG by fiscal year

Description	FY 05-06	FY 04-05	Increase (Decrease)
4 th Quarter STA	\$361,641	\$211,545	\$150,096
June LTF	\$1,300,500	\$1,172,800	\$127,700
Totals	\$1,662,141	\$1,384,345	\$277,796

Note 3 Due From Other Governments – Increase of \$259,696

In comparing the 3rd and 4th quarter claims submitted for reimbursement for fiscal year 2004-05, to 2005-06, the claims increased significantly in 2005-06. StanCOG receives much of its staff funding through various grants. For most of fiscal year 2004-05, StanCOG was at low staffing levels. In September of 2004, the Executive Director and the Deputy Director left the Agency. A replacement for the Executive Director was not obtained until October of 2005. Therefore, the invoicing for staffing reimbursement was lower in fiscal year 2004-05. In addition, two new grants were added in fiscal year 2005-06. The Blue Print Grant and the Model Integration Grant were added.

Note 4 Accounts Payable – Increase \$325,237

At June 30, 2006, StanCOG owed more money to vendors versus the same period last year. 99%, or \$320,602 is due to the following vendors and activities: Environmental Science Associates, \$127,444, for the work on the financial plan; Smith Watts & Company, \$85,277, for work on the financial plan; Dowling and Associates, \$30,391, for work on the model integration grant, Nolte and Associates, \$11,599, for

work on the North County Corridor Study; CPS, \$10,466, for recruitment costs. In addition, the State Route 132 fund was properly reclassified from an agency fund and properly included in the financial statements of StanCOG. This fund had an accounts payable balance of \$55,425 at year-end.

Note 5 Unearned Revenue – Increase \$175,898

The \$175,898 is comprised of two components: \$71,727 Planning, Program and Monitoring funds; and \$104,171 of unspent revenue for the Transportation Financial Expenditure Plan. In previous years, StanCOG received \$71,727 in Planning Program and Monitoring funds (PPM) that were not spent. These amounts were improperly reported as part of the unrestricted fund balance until now. This correction is reflected as a prior period adjustment in the fund financial statements Statement of Revenue and Expenditures and Changes in Fund Balance. The \$104,171 was calculated as follows: (\$500,000 - \$395,829 = \$104,171). In fiscal year 2005-06, the jurisdictions contributed \$500,000 to StanCOG for a Transportation Financial Expenditure Plan. At June 30, 2006, StanCOG had only spent \$395,829. The remainder of \$104,171 was carried over and spent in fiscal year 2006-07.

Note 6 Due to Other Governments \$3,336,479

94%, or \$3,146,594, of the increase is attributable to five jurisdictions that did not receive any street and road LTF revenue in fiscal year 2005-06. Since the money was not disbursed, the total amounts owed are reflected as a liability in the "Due to Other Governments" account. These five non-transit claims were approved by the Policy Board on the June 14, 2006, meeting. The amounts owed to those jurisdictions increased in fiscal year 2005-06 as follows: Ceres, \$427,107; Hughson \$48,632; Modesto, \$2,402,323; Oakdale, \$195,458; Waterford, \$73,074.

Note 7 Notes Payable Increase \$1,134,939

StanCOG became the lead agency on the State Route 132 Widening Project in fiscal year 2003-04. To finance the design and right-of-way, StanCOG entered into loan agreements with the State Infrastructure Bank, the City of Modesto, and the Alliance. The debt was never disclosed or reported in the financial statements until now. Please see the prior period adjustment disclosure on page 23 of the audit report.

Note 8 Restricted Net Assets – Increase \$667,687

99%, or \$658,067, can be traced to four factors. The majority of the increase is due to \$452,523 in STA funds, which StanCOG received, but has not apportioned to the jurisdictions. Second, interest earned on these STA funds amounted to \$6,811. Third, the State Route 132 Fund is now properly included in the financial statements. This fund has \$112,793 fund balance at June 30, 2006. On the Statement of Net Assets, this fund balance is presented as restricted for capital projects, which adds to the increase. Lastly, the undistributed fund interest earnings on LTF funds totaled \$85,940 in fiscal year 2005-06.

Note 9 Unrestricted Net Assets – (Decrease) \$930,465

The major factor for this change stems from recognition of the debt referred to in Note 7 above. As no offsetting asset was recorded, now that the debt is reflected on the financial statements, the effect of this correction pushed unrestricted net assets into a deficit balance.

Statement of Activities

<u>Description</u>	<u>FY 05-06</u>	<u>FY 04-05</u>	<u>Increase (Decrease)</u>	<u>Note</u>
Revenues:				
Program revenues:				
Operating grants and contributions				
Sales tax	21,347,565	18,573,658	2,773,907	10
Operating grants and contributions	977,674	829,011	148,663	11
Capital grants and contributions	10,215	0	10,215	
General revenues:				
Unrestricted investment earnings	26,067	11,926	14,141	
Miscellaneous	<u>38,971</u>	<u>6,251</u>	<u>32,720</u>	
 Total revenues	 <u>22,400,492</u>	 <u>19,420,846</u>	 <u>2,979,646</u>	
 Expenses:				
General Government	992,119	914,854	77,265	12
Transportation	19,852,746	17,878,818	1,973,928	13
Project planning	1,065,879	453,870	612,009	14
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	
 Total expenses	 <u>21,910,744</u>	 <u>19,247,542</u>	 <u>2,663,202</u>	
 Increase (Decrease) in net assets	 <u>489,748</u>	 <u>173,304</u>	 <u>316,444</u>	

Note 10 Sales Tax Increase \$2,773,907

Transportation Development Act (TDA) sales tax revenues increased by \$2,773,907 due to an increase in sales tax and gasoline tax revenues collections during the current fiscal year.

Note 11 Operating Grants and Contribution -- Increase \$148,663

Due to lower staffing levels in fiscal year 2004-05 as compared to 2005-06, less grant money was invoiced for.

Note 12 General Government Expense – Increase \$77,265

79%, or \$61,299, of the increase is attributable to staff salaries and benefits related to obtaining an executive director in October 2005.

Note 13 Transportation Expense Increase - \$1,973,928

The amount classified as transportation expense represents StanCOG's TDA payments to the jurisdictions for STA and LTF. As StanCOG received increased TDA revenue in fiscal year 2005-06, this translated to additional TDA expenses, in the form payments to the jurisdictions, as follows: \$1,710,157 in additional LTF, and \$263,771 in additional STA.

Note 14 Project Planning Expense Increase - \$612,009

Project Planning Expenses represents the money spent on consultants by StanCOG for various planning services. An increase of 105%, or \$644,373, is readily attributable to three factors. First, StanCOG spent \$356,702 on consultants for the financial expenditure plan in FY 05-06. Secondly, reclassifying the State Route 132 fund from an agency fund to a special revenue fund added an additional \$318,457 in project planning costs. Third, a reduction occurred in the Scenario Planning Fund from FY 04-05 to 05-06. In fiscal year 2004-05, this fund expended \$30,786 in Project Planning Expenses. While in fiscal year 2005-06, this fund had no expenditures. ($\$356,702 + \$318,457 - \$30,786 = \$644,373$)

Financial Analysis of StanCOG's Funds

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

Governmental Funds

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

As of the end of the fiscal year, StanCOG's governmental funds reported combined ending fund balances of \$1,810,155, an increase of \$841,772 in comparison to the prior year. Of this total amount, \$925,372 constitutes unreserved fund balance. The remainder of the fund balance, \$884,783, is reserved to indicate that this is not available for spending. This amount must be used to pay future TDA claims.

General Fund Budgetary Highlights

On page 21 of the audit report, the reader will find the comparison of budget to actual for revenues and expenditures. Three significant budget to actual variances exist and are explained below.

Intergovernmental Revenue – Unrealized Revenue \$1,920,195

Most of StanCOG's revenue is derived from grants. Due to significant expenditures savings, the offsetting grant revenue was not received.

Salaries and Benefits – Savings of \$469,642

StanCOG's budget for salaries and benefits included vacancies which were never filled in the fiscal year. These vacancies included an: accountant, senior planner, associate planner, and assistant planner. In addition, an executive director was budgeted for an entire year. However, the executive director position was not filled until October of 2005.

Professional and Special Services Savings of \$1,708,752

93% of this variance, or \$1,631,492, is attributed to the following professional service contracts. In each case, the contracts were for large amounts with little expended in the fiscal year.

Description	Consultant	Budgeted	Spent	Remaining
Blue Print	M.I.G.	268,624	3,201	265,423
Non-motor Plan	Not yet selected	158,138	0	158,138
Travel Model	Dowling & Assoc	150,619	79,762	70,857
132 Connectivity	Nolte & Assoc	500,000	555	499,445
Financial Plan	Various	430,938	356,884	74,054
Claribel Study	Nolte & Assoc	600,000	36,425	563,575
Totals		\$2,108,319	\$476,827	\$1,631,492

Capital Assets

StanCOG's capital assets consist of office furniture, fixtures and office and computer equipment. All capital assets have been fully depreciated. Therefore, no value is shown for these assets on the statement of net assets. There were no additions to capital assets in fiscal year 2005-06.

Debt Administration

At June 30, 2006, StanCOG's long-term debt is \$1,134,939. The debt will be retired with State Transportation Improvement Programs funds. StanCOG has a cooperative agreement with Caltrans for \$1,415,000 to repay this debt. Please see footnote 5 in the notes to the financial statements for complete details on this debt.

Economic Factors and Next Year's Budget

Grant Revenues

Federal and State grant revenue allocations are not expected to vary much from this year's allocations.

Transportation Development Act Revenues

Local Transportation Fund Revenues are projected to increase from the fiscal year 2005-06 estimate of \$17,400,000 to an estimate of \$18,300,000 for fiscal year 2006-07. With regard to State Transit Assistance, the Stanislaus region received \$1,456,592 in FY 05-06. For fiscal year 2006-07, the initial estimate received from the State Controller's Office was \$1,171,322. However, in August of 2006, the State Controller revised this estimate to \$4,613,974, an increase of \$2,896,652. The Policy Board approved the apportionment of this additional 2.9 million to the jurisdictions at the February 14, 2007, meeting.

Salaries and Benefits

Salaries and benefits are expected to increase for fiscal year 2006-07. In addition to having the Executive Director on board for a full year, the finance director position was filled in October of 2006. In April of 2007, the second senior regional planner was filled. Having filled that position, StanCOG is now at full staffing level, with no vacancies, for the first time since June of 2004.

Requests for Information

This financial report is designed to provide a general overview of the Stanislaus Council of Governments' finances for all those with an interest in the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, 900 H Street, Suite D, Modesto, California 95354.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STANISLAUS COUNCIL OF GOVERNMENTS
Statement of Net Assets
June 30, 2006

	Primary Government Governmental Activities
<u>ASSETS</u>	
Cash and cash equivalents	\$ 6,315,146
Sales tax receivable	1,662,141
Interest receivable	26,502
Prepaid expenses	-
Due from other governments	623,130
Capital assets:	
Capital assets, net of accumulated depreciation	-
Total assets	\$ 8,626,919
 <u>LIABILITIES</u>	
Accounts payable	\$ 444,618
Wages and benefits payable	44,513
Compensated absences, current	57,760
Unearned revenue	175,898
Due to other governments	6,093,975
Long-term liabilities due in more than one year	
Notes payable	1,134,939
Total liabilities	7,951,703
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	-
Restricted for:	
Apportionment	884,783
Capital projects	112,793
Scenario planning	175
Unrestricted	(322,535)
Total net assets	\$ 675,216

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

STANISLAUS COUNCIL OF GOVERNMENTS
Statement of Activities
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
Primary government:		<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
		<u>Contributions</u>	<u>Contributions</u>	<u>Net Assets</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental activities:				
General government	\$ 992,119	\$ 851,620	\$ -	\$ (140,499)
Transportation	19,852,746	20,407,734	-	554,988
Project planning	<u>1,065,879</u>	<u>1,065,885</u>	<u>10,215</u>	<u>10,221</u>
Total governmental activities	<u>\$ 21,910,744</u>	<u>\$ 22,325,239</u>	<u>\$ 10,215</u>	<u>424,710</u>

General revenues:

Taxes	-
Unrestricted investment earnings	26,067
Miscellaneous	38,971
Total general revenues	<u>65,038</u>
Change in net assets	<u>489,748</u>
Net assets - beginning	971,099
Prior period adjustments	<u>(785,631)</u>
Net assets - beginning, restated	<u>185,468</u>
Net assets - ending	<u>\$ 675,216</u>

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

FUND FINANCIAL STATEMENTS

STANISLAUS COUNCIL OF GOVERNMENTS

**Balance Sheet
Governmental Funds
June 30, 2006**

	Special Revenue Funds				Capital Project	Total
	General	Local Transportation Fund	State Transit Assistance	Scenario Planning Grant Non-Major	132 East Pilot Project	
ASSETS						
Cash and Cash Equivalents	\$ 817,622	\$ 4,826,399	\$ 502,732	\$ 175	\$ 168,218	\$ 6,315,146
Sales tax receivable	-	1,300,500	361,641	-	-	1,662,141
Interest receivable	-	25,159	1,343	-	-	26,502
Prepaid expense	-	-	-	-	-	-
Due from other governments	623,130	-	-	-	-	623,130
Due from other funds	39,016	-	-	-	-	39,016
Total assets	<u>\$ 1,479,768</u>	<u>\$ 6,152,058</u>	<u>\$ 865,716</u>	<u>\$ 175</u>	<u>\$ 168,218</u>	<u>\$ 8,665,935</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 389,193	\$ -	\$ -	\$ -	\$ 55,425	\$ 444,618
Accrued salaries & benefits	44,513	-	-	-	-	44,513
Accrued compensated absences	57,760	-	-	-	-	57,760
Deferred revenue	175,898	-	-	-	-	175,898
Due to other funds	-	39,016	-	-	-	39,016
Due to other governments	-	5,823,116	270,859	-	-	6,093,975
Total liabilities	<u>667,364</u>	<u>5,862,132</u>	<u>270,859</u>	<u>-</u>	<u>55,425</u>	<u>6,855,780</u>

Fund Balances:

Apportioned	-	289,926	594,857	-	-	884,783
Unreserved	812,404	-	-	175	112,793	925,372
Total fund balances	<u>812,404</u>	<u>289,926</u>	<u>594,857</u>	<u>175</u>	<u>112,793</u>	<u>1,810,155</u>

Total liabilities and fund balances	<u>\$ 1,479,768</u>	<u>\$ 6,152,058</u>	<u>\$ 865,716</u>	<u>\$ 175</u>	<u>\$ 168,218</u>	
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Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Long-term liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds. (1,134,939)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. -

Net assets of governmental activities \$ 675,216

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

STANISLAUS COUNCIL OF GOVERNMENTS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2006

	Special Revenue Funds				Capital Project	Total
	General	Local Transportation Fund	State Transit Assistance	Scenario Planning Non- Major	132 East Project Pilot	
REVENUES						
Sales Tax	\$ 1,032,582	\$ 18,858,391	\$ 1,456,592	\$ -	\$ -	\$ 21,347,565
Intergovernmental	884,917	-	-	-	-	884,917
Use of money and property	26,067	85,940	6,811	6	10,215	129,039
Other	38,971	-	-	-	-	38,971
Total revenues	<u>1,982,537</u>	<u>18,944,331</u>	<u>1,463,403</u>	<u>6</u>	<u>10,215</u>	<u>22,400,492</u>
EXPENDITURES						
General administration	989,403	-	-	-	-	989,403
Transportation	-	18,848,677	1,004,069	-	-	19,852,746
Project Planning	747,422	-	-	-	318,457	1,065,879
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>1,736,825</u>	<u>18,848,677</u>	<u>1,004,069</u>	<u>-</u>	<u>318,457</u>	<u>21,908,028</u>
Excess (deficiency) of revenues over expenditures	<u>245,712</u>	<u>95,654</u>	<u>459,334</u>	<u>6</u>	<u>(308,242)</u>	<u>492,464</u>
Other Financing sources (Uses)						
Loan proceeds	-	-	-	-	214,939	214,939
Net change in fund balances	<u>245,712</u>	<u>95,654</u>	<u>459,334</u>	<u>6</u>	<u>(93,303)</u>	<u>707,403</u>
Fund balances, beginning	638,419	194,272	135,523	169	-	968,383
Prior period adjustment	<u>(71,727)</u>	-	-	-	206,096	134,369
Fund balances, beginning restated	<u>566,692</u>	<u>194,272</u>	<u>135,523</u>	<u>169</u>	<u>206,096</u>	<u>1,102,752</u>
Fund balances, ending	<u>\$ 812,404</u>	<u>\$ 289,926</u>	<u>\$ 594,857</u>	<u>\$ 175</u>	<u>\$ 112,793</u>	<u>\$ 1,810,155</u>

STANISLAUS COUNCIL OF GOVERNMENTS
Reconciliation of the Statements of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2006

Net change in fund balances - total governmental funds	\$ 707,403
Amounts reported for Governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and report depreciation expense. This is the amount by which depreciation (\$ 2,716) exceeded capital outlays (\$ 0) in the current period.	(2,716)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets	<u>(214,939)</u>
Change in net assets of governmental activities	<u>\$ 489,748</u>

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

STANISLAUS COUNCIL OF GOVERNMENTS
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2006

	<u>Agency Funds</u>		<u>Total</u>
	<u>AVA</u>	<u>132 East Private Sector</u>	
ASSETS			
Cash and cash equivalents	\$ 95,083	\$ 18,186	\$ 113,269
Accounts Receivable	506	-	506
Due from other governments	114,235	-	114,235
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 209,824</u>	<u>\$ 18,186</u>	<u>\$ 228,010</u>
LIABILITIES			
Due to other governments	\$ 209,824	\$ -	\$ 209,824
Accounts Payable	-	5,220	5,220
Due to other funds	-	12,966	12,966
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 209,824</u>	<u>\$ 18,186</u>	<u>\$ 228,010</u>

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

STANISLAUS COUNCIL OF GOVERNMENTS .

Notes to Financial Statements

June 30, 2006

Note 1: Summary of Significant Accounting Policies

The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Stanislaus Council of Governments ("The Council") principles are described below.

A. Reporting Entity

The Council, is designated as the regional transportation planning agency and the Metropolitan Planning Organization of Stanislaus County (and formerly a department of the County of Stanislaus), became independent from the County and officially changed its name from Stanislaus Area Association of Governments during the year ended June 30, 2006. The Council was created pursuant to Title 3 of Government Code Section 29532, and is responsible for transportation planning activities as well as the administration of the Local Transportation Fund and the State Transit Assistance Fund in accordance with the applicable sections of the Government Code, Public Utilities Code, and Administration Code included within the Transportation Development Act. The Council is the Local Transportation Authority (LTA) pursuant to Section I, Division 19 (commencing with Section 180000) of the Public Utilities Code as designated by the Stanislaus County Board of Supervisors. The Council also administers the Abandoned Vehicle Abatement program and provides technical assistance to the local agencies and member jurisdictions as needed.

In evaluating how to define the Council for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestation of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, and the accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Council and/or its member agencies. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Council is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units of the Council.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are the only activities conducted by the Council. The Council conducts no *business-type* activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The Council has no proprietary funds.