

STANISLAUS COUNCIL OF GOVERNMENTS

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2020**

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INDEPENDENT AUDITORS' REPORT

To the Policy Board
Stanislaus Council of Governments

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stanislaus Council of Governments (the Council) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Council's basic 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 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 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 Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the Council's proportionate share of the net pension liability, and the schedule of the Council's contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Council's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2021 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, 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 Council's internal control over financial reporting and compliance.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
January 7, 2021

STANISLAUS COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

**STANISLAUS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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

Financial Highlights

StanCOG's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$25,949,508 (net position) for the fiscal year ending June 30, 2020. Total assets increased by \$11,709,037 from the prior fiscal year while total liabilities increased by \$10,445,975. This resulted in a \$1,433,200 increase in net position. The increase in restricted net position relates to Transportation Development Act (TDA) funds and Measure L funds, of which StanCOG acts as administrator and fiduciary.

Analysis of Significant Financial Changes

The following analysis highlights significant financial changes in balances from the previous year.

Statement of Net Position

Account	Fiscal year 2019-2020	Fiscal year 2018-2019 (as restated)	Increase (Decrease)
Cash and cash equivalents	\$38,389,191	\$ 26,779,026	\$ 11,610,165
Interest receivable	3,813	3,849	(36)
Due from other governments	2,586,516	2,465,718	120,798
Prepaid expenses	39,013	49,082	(10,069)
Capital assets	18,180	30,001	(11,821)
Total assets	<u>41,036,713</u>	<u>29,327,676</u>	<u>11,709,037</u>
Deferred pensions	909,991	695,486	214,505
Total deferred outflows of resources	<u>909,991</u>	<u>695,486</u>	<u>214,505</u>
Accounts payable	12,938,567	2,804,075	10,134,492
Accrued salaries and benefits	67,336	77,820	(10,484)
Due to other governments	15,976	167,425	(151,449)
Compensated absences	187,239	151,529	35,710
Unearned revenue	43,259	43,259	-
Net pension liability	2,432,940	1,995,234	437,706
Total liabilities	<u>15,685,317</u>	<u>5,239,342</u>	<u>10,445,975</u>
Deferred pensions	311,879	267,512	44,367
Total deferred inflows of resources	<u>311,879</u>	<u>267,512</u>	<u>44,367</u>
Net investment in capital assets	18,180	30,001	(11,821)
Restricted	24,742,483	23,063,561	1,678,922
Unrestricted	1,188,845	1,422,746	(233,901)
Total net position	<u>\$25,949,508</u>	<u>\$ 24,516,308</u>	<u>\$ 1,433,200</u>

**STANISLAUS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
JUNE 30, 2020**

Note 1 Accounts Payable – Increase of \$10,134,492

A summary of StanCOG's accounts payable balances at year-end is presented in the following table.

Accounts Payable Balance	Fiscal year 2019-2020	Fiscal year 2018-2019	Increase (Decrease)
General Fund	\$ 333,682	\$ 320,521	\$ 13,161
Measure L	12,576,865	2,418,198	10,158,667
State of Good Repair Fund	28,020	65,356	(37,336)
Total	\$ 12,938,567	\$ 2,804,075	\$ 10,134,492

The table above shows that StanCOG's General Fund accounts payable balance increased by \$13,161. The General Fund Accounts Payable balance of \$333,682 represents amounts due for contracted services incurred but not yet invoiced by vendors by June 30, 2020.

The Measure L payable balance increased by \$10,158,667. The payable amount of \$12,576,865 includes amounts due to local jurisdictions for regional projects that were invoiced after June 30, 2020. State of Good Repair Funds decreased by \$37,336, the balance of \$28,020 at year end represents contracted services invoiced after the year end.

The following is a table summarizing the government-wide activities of StanCOG.

Statement of Activities

Description	Fiscal year 2019-2020	Fiscal year 2018-2019 (as restated)	Increase (Decrease)
Program revenues:			
Sales tax	\$ 17,568,749	\$ 18,618,975	\$ (1,050,226)
Operating grants and contributions	2,108,138	2,187,503	(79,365)
General revenues:			
Investment earnings	102,484	91,069	11,415
Miscellaneous	84,269	66,410	17,859
Total revenues	\$ 19,863,640	\$ 20,963,957	\$ (1,100,317)
Expenses:			
General government	\$ 3,008,634	2,710,529	\$ 298,105
Transportation	14,101,627	6,626,894	7,474,733
Project planning	1,320,179	1,363,318	(43,139)
Total expenses	\$ 18,430,440	\$ 10,700,741	\$ 7,729,699

**STANISLAUS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
JUNE 30, 2020**

Note 2 Sales Tax – Increase of \$669,024

Description	Fiscal year 2019-2020	Fiscal year 2018-2019 (as restated)	Increase (Decrease)
StanCOG General Fund	\$ 1,544,068	\$ 1,539,655	\$ 4,413
StanCOG Local Transportation	24,149,583	23,571,413	578,170
State Transit Assistance	4,977,150	4,895,146	82,004
Measure L	45,742,648	45,775,367	(32,719)
State of Good Repair	808,848	771,692	37,156
Total	<u>\$77,222,297</u>	<u>\$76,553,273</u>	<u>\$ 669,024</u>

The above schedule highlights revenues for the fiscal year, including custodial funds. StanCOG's General Fund experienced a slight increase in revenues from various federal, state and local funding sources. Local Transportation Tax is generated from ¼ cent sales tax specifically used for transit in California. State Assistance Funds and State of Good Repair Funds are generated from gas taxes. While these funds experienced a slight increase, due to COVID-19, funds for FY 2020/21 are expected to see a decline in these revenues. There was a slight decrease in Measure L Funds of \$32,719 as a result of COVID-19 in the last quarter of FY 2019/20.

Note 3 Transportation Expense – Increase of \$7,468,619

Description	Fiscal year 2019-2020	Fiscal year 2018-2019	Increase (Decrease)
Measure L	\$ 13,653,176	\$ 6,587,955	\$ 7,065,221
State of Good Repair	448,451	38,939	409,512
Measure L - Custodial	33,366,847	30,054,695	3,312,152
Local Transportation	19,173,027	24,900,152	(5,727,125)
State Transit Assistance	6,483,823	4,074,964	2,408,859
Total	<u>\$ 73,125,324</u>	<u>\$ 65,656,705</u>	<u>\$ 7,468,619</u>

In FY 2019/20 StanCOG expensed \$13,653,176 for Measure L Regional Projects; State Route 132 West and the Service Mitchell / State Route 99 Interchange. Measure L Regional Project Expenditures are expected to continue see increases as projects identified in the expenditure plan meet eligibility requirements for funding. State of Good Repair funds are specifically used for Transit. \$448,451 represents expenditures associated to bus shelter maintenance for the Stanislaus Region. Annual increases to this project include additional shelters or the addition of other local capital projects eligible for use of these funds that have been identified in a call for projects. Measure L Custodian Expenditures of \$33,366,847 are amounts paid to local jurisdictions for Streets and Roads, Traffic Management and Bike/Pedestrians. Increases in this category of \$3.3 million are due to reporting timeline changes. Local Transportation Expenditures and State Transit Assistance expenditures consist of expenses used for Transit Claims in the Stanislaus region.

**STANISLAUS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
JUNE 30, 2020**

A reduction in Local Transportation Expenditures of \$5.7 million is due to capital improvements for the Modesto Transit Center during FY 2018/19. The increase in State Transit Assistance Fund expenditures represent additional funding from supplemental apportionment funds carried over from FY 2018/19 for local transit operators to use during the FY 2019/20.

Financial Analysis of StanCOG's Funds

StanCOG 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 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.

On page 11 of the report, StanCOG's governmental funds reported a combined ending fund balance of \$27,953,395, an increase of \$1,747,951 in comparison to the prior year. Of the total fund balance, \$23,411,063 is restricted for future payment of Measure L Expenditures.

StanCOG's General Fund balance remains consistent with FY 2018/19. Nonmajor funds have a restricted balance of \$1,245,804. Measure L is the ½ cent sales tax measure for Local Roads First Transportation Funding Measurement governed and administrated by StanCOG, the designated Transportation Authority of Stanislaus County.

General Fund Budgetary Highlights

On the required supplementary statement on page 36, the reader will find the comparison of budget to actual for General Fund revenues and expenditures. The largest variance was in contracts expense due to anticipated contract work not occurring during the year.

Economic Factors and Next Year's Budget

Grant revenues are not expected to vary substantially in FY 2020/21, as compared to the FY 2019/20 allocations.

Transportation Development Act Revenues

Local Transportation Funds (LTF), which are based on the retail sales tax, and State Transit Assistance Funds (STA), which are generated from gas tax. LTF funds were consistent with the previous year's revenue while STA funds had a greater decline in FY 2019/20. Declines in gas tax revenues will continue due to effects of statewide stay at home orders, therefore there is a reasonable expectation that STA funds will fall short of early estimates provided in January 2020 for FY 2020/21.

**STANISLAUS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
JUNE 30, 2020**

Salaries and Benefits

For the FY 2019/20 budget, the StanCOG Policy Board approved a merit-based compensation package to staff salaries.

Contacting StanCOG's Financial Management

StanCOG's financial report is designed to provide the StanCOG's Policy Board, management, creditors, legislative and oversight agencies, citizens, and customers with an overview of StanCOG's finances and to demonstrate its accountability for funds received. For additional information about this report, please contact the Executive Director, Stanislaus Council of Governments, 1111 "I" Street, Suite 308, Modesto, California 95354.

STANISLAUS COUNCIL OF GOVERNMENTS

BASIC FINANCIAL STATEMENTS

STANISLAUS COUNCIL OF GOVERNMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STANISLAUS COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2020**

ASSETS

Cash and cash equivalents	\$ 38,389,191
Interest receivable	3,813
Due from other governments	2,586,516
Prepaid expenses	39,013
Capital assets, net of accumulated depreciation	<u>18,180</u>

Total Assets	<u>41,036,713</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred pensions	<u>909,991</u>
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Total Deferred Outflows of Resources	<u>909,991</u>
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LIABILITIES

Accounts payable	12,938,567
Accrued salaries and benefits	67,336
Due to other governments	15,976
Unearned revenue	43,259
Compensated absences - current	79,081

Noncurrent liabilities:

Compensated absences - noncurrent	108,158
Net pension liability	<u>2,432,940</u>

Total Liabilities	<u>15,685,317</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred pensions	<u>311,879</u>
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Total Deferred Inflows of Resources	<u>311,879</u>
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NET POSITION

Net investment in capital assets	18,180
Restricted for:	
Apportionment	23,411,063
Capital projects	85,616
Scenario planning	1,245,804
Unrestricted	<u>1,188,845</u>

Total Net Position	<u>\$ 25,949,508</u>
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The accompanying notes are an integral part of the financial statements.

**STANISLAUS COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) and Revenue and Changes in Net Position Governmental Activities
Primary government:			
Governmental activities:			
General government	\$ 3,008,634	\$ 1,544,068	\$ (1,464,566)
Transportation	14,101,627	16,024,681	1,923,054
Project planning	1,320,179	2,108,138	787,959
Totals	<u>\$ 18,430,440</u>	<u>\$ 19,676,887</u>	<u>1,246,447</u>
General Revenues:			
			102,484
			84,269
			<u>186,753</u>
			1,433,200
			30,856,945
			<u>(6,340,637)</u>
			<u>\$ 25,949,508</u>

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

STANISLAUS COUNCIL OF GOVERNMENTS

FUND FINANCIAL STATEMENTS

**STANISLAUS COUNCIL OF GOVERNMENTS
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General	Capital Project Fund	Special Revenue Funds		Total Governmental Funds
		State Route 132 East Pilot Project Fund	Measure L	Nonmajor Funds	
ASSETS					
Cash and cash equivalents	\$2,746,636	\$ 85,616	\$ 34,426,539	\$ 1,130,400	\$ 38,389,191
Interest receivable	-	-	-	3,813	3,813
Due from other governments	869,540	-	1,577,365	139,611	2,586,516
Prepaid expenses	39,013	-	-	-	39,013
Total Assets	\$3,655,189	\$ 85,616	\$ 36,003,904	\$ 1,273,824	\$ 41,018,533
LIABILITIES					
Accounts payable	\$ 333,682	\$ -	\$ 12,576,865	\$ 28,020	\$ 12,938,567
Accrued salaries and benefits	67,336	-	-	-	67,336
Due to other governments	-	-	15,976	-	15,976
Unearned revenue	41,412	1,847	-	-	43,259
Total Liabilities	442,430	1,847	12,592,841	28,020	13,065,138
FUND BALANCES					
Nonspendable	39,013	-	-	-	39,013
Restricted	-	-	23,411,063	1,245,804	24,656,867
Assigned	-	83,769	-	-	83,769
Unassigned	3,173,746	-	-	-	3,173,746
Total Fund Balances	3,212,759	83,769	23,411,063	1,245,804	27,953,395
Total Liabilities and Fund Balances	\$3,655,189	\$ 85,616	\$ 36,003,904	\$ 1,273,824	\$ 41,018,533

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

**STANISLAUS COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Fund Balances - Governmental Funds	\$ 27,953,395
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	18,180
Deferred Inflows of Resources and Deferred Outflows of Resources: Deferred outflows of resources are not current assets of financial resources and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds.	
Deferred outflows of resources	909,991
Deferred inflows of resources	(311,879)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Compensated absences	(187,239)
Net pension liability	<u>(2,432,940)</u>
Total Net Position - Governmental Activities	<u><u>\$ 25,949,508</u></u>

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

**STANISLAUS COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES- GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	General	Capital Project Fund	Special Revenue Funds				Total Governmental Funds
		State Route 132 East Pilot Project Fund	Local Transportation Fund	State Transit Assistance Fund	Measure L	Nonmajor Funds	
REVENUES							
Sales tax	\$ 1,544,068	\$ -	\$ -	\$ -	\$ 15,215,833	\$ 808,848	\$ 17,568,749
Intergovernmental	2,108,138	-	-	-	-	-	2,108,138
Investment earnings	4,739	159	-	-	58,482	39,104	102,484
Miscellaneous	83,963	-	-	-	-	306	84,269
Total Revenues	<u>3,740,908</u>	<u>159</u>	<u>-</u>	<u>-</u>	<u>15,274,315</u>	<u>848,258</u>	<u>19,863,640</u>
EXPENDITURES							
General administration	2,693,883	-	-	-	-	-	2,693,883
Transportation	-	-	-	-	13,653,176	448,451	14,101,627
Project planning	975,801	-	-	-	15,976	328,402	1,320,179
Total Expenditures	<u>3,669,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,669,152</u>	<u>776,853</u>	<u>18,115,689</u>
Net Change in Fund Balances	71,224	159	-	-	1,605,163	71,405	1,747,951
Fund Balances, Beginning of Year	3,141,535	83,610	5,116,759	2,620,539	20,409,239	1,174,399	32,546,081
Prior Period Adjustment	-	-	(5,116,759)	(2,620,539)	1,396,661	-	(6,340,637)
Fund Balances, End of Year	<u>\$ 3,212,759</u>	<u>\$ 83,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,411,063</u>	<u>\$ 1,245,804</u>	<u>\$ 27,953,395</u>

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

**STANISLAUS COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities:

Net change in Fund Balances - Governmental Funds	\$ 1,747,951
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$11,821) and retirements (\$0) exceeded capital outlay (\$0) in the current period.	(11,821)
Compensated absences are measured by the amounts paid during the period in governmental funds. In the Statement of Activities, compensated absences are measured by the amounts earned. This is the difference between compensated absences paid and those earned in the current period.	(35,362)
Certain pension expenses in the Statement of Activities are recognized on the accrual basis of accounting in accordance with GASB Statement No. 68.	<u>(267,568)</u>
Change in Net Position - Governmental Activities	<u>\$ 1,433,200</u>

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

**STANISLAUS COUNCIL OF GOVERNMENTS
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
JUNE 30, 2020**

	Custodial Funds						
	Proposition 1B (PTMISEA)	Measure L	Local Transportation (LTF)	State Transit Assistance (STA)	Abandoned Vehicle Abatement (AVA)	State Route 132 East Private Sector	Total
ASSETS							
Cash and cash equivalents	\$ 158,556	\$ 2,151,646	\$ 6,784,221	\$ 1,174,715	\$ 25,053	\$ 254	\$ 10,294,445
Interest receivable	-	-	20,387	5,561	70	-	26,018
Due from other governments	-	3,164,597	2,488,746	1,257,530	127,439	-	7,038,312
Total Assets	<u>158,556</u>	<u>5,316,243</u>	<u>9,293,354</u>	<u>2,437,806</u>	<u>152,562</u>	<u>254</u>	<u>17,358,775</u>
LIABILITIES							
Accounts payable	-	-	382,334	1,268,904	15,489	-	1,666,727
Due to other governments	148,921	5,291,850	-	-	127,439	-	5,568,210
Total Liabilities	<u>148,921</u>	<u>5,291,850</u>	<u>382,334</u>	<u>1,268,904</u>	<u>142,928</u>	<u>-</u>	<u>7,234,937</u>
Net position:							
Held in trust	<u>\$ 9,635</u>	<u>\$ 24,393</u>	<u>\$ 8,911,020</u>	<u>\$ 1,168,902</u>	<u>\$ 9,634</u>	<u>\$ 254</u>	<u>\$ 10,123,838</u>

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

**STANISLAUS COUNCIL OF GOVERNMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Custodial Funds						Total
	Proposition 1B (PTMISEA)	Measure L	Local Transportation (LTF)	State Transit Assistance (STA)	Abandoned Vehicle Abatement (AVA)	State Route 132 East Private Sector	
Additions							
Collections on behalf of other governments:							
Sales tax revenue	\$ -	\$30,526,815	\$ 24,149,583	\$ 4,977,150	\$ 496,531	\$ -	\$ 60,150,079
Investment earnings:							
Interest revenue	303	6,158	236,822	55,036	-	-	298,319
Total additions	<u>303</u>	<u>30,532,973</u>	<u>24,386,405</u>	<u>5,032,186</u>	<u>496,531</u>	<u>-</u>	<u>60,448,398</u>
Deductions							
Administrative services	-	795	973,381	-	-	-	974,176
Allocations to other governments	-	33,366,847	19,618,763	6,483,823	496,531	-	59,965,964
Total deductions	<u>-</u>	<u>33,367,642</u>	<u>20,592,144</u>	<u>6,483,823</u>	<u>496,531</u>	<u>-</u>	<u>60,940,140</u>
Change in fiduciary net position	303	(2,834,669)	3,794,261	(1,451,637)	-	-	(491,742)
Net position, beginning of year	-	-	-	-	-	-	-
Prior period adjustment	9,332	2,859,062	5,116,759	2,620,539	9,634	254	10,615,580
Net position, end of year	<u>\$ 9,635</u>	<u>\$ 24,393</u>	<u>\$ 8,911,020</u>	<u>\$ 1,168,902</u>	<u>\$ 9,634</u>	<u>\$ 254</u>	<u>\$ 10,123,838</u>

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

**STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (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) policies are described below.

Reporting Entity: The Council, designated as the regional transportation planning agency and the metropolitan planning organization of Stanislaus County (formerly a department of the County of Stanislaus), became independent from Stanislaus County (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 California 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 (AVA) 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 accounting principles generally accepted in the United States of America. 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 manifestations 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.

Government-Wide and Fund Financial Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary 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 program expenses of a given function or segment is 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.

STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued): 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 Council considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. Capital asset acquisitions are reported as *expenditures* in governmental funds.

Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual include sales taxes, intergovernmental revenues, interest, and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the Council may fund certain programs and projects with a combination of cost reimbursement grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program and project expenditures.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

Certain indirect costs are included in program and project expenses reported for individual functions and activities.

Major Funds: GASB Statement No. 34 defines major funds and requires that the Council's major governmental funds be identified and presented separately in the fund financial statements.

Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The Council may also select other funds it believes should be presented as major funds.

STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major Funds (continued): The Council reports the following major governmental funds:

The **General Fund** is the Council's primary operating fund. It accounts for all financial resources of the Council, except those required to be accounted for in another fund.

The **Measure L Fund** is used to account for a one-half cent countywide sales tax collected under the Transportation Ordinance and Expenditure Plan approved by Stanislaus County voters on November 8, 2016. The revenues are to be used solely for the transportation projects, improvements, and programs described in the Expenditure Plan.

The **State Route 132 East Pilot Project Fund** is used to account for the planning and construction of State Route 132 widening and improvement project.

Additionally, the Council reports with the following fund types:

The **State of Good Repair Fund** is a non-major governmental fund used to account for the activities associated with the maintenance of bus and rail systems funded by the Department of Transportation.

The **Scenario Planning Grant Special Revenue Fund** is a non-major governmental fund used to account for the Scenario Planning Grant activities.

The **Custodial Funds** are used to account for the allocation of state vehicle registration fees from the State of California Fund for AVA, as well as for funds received from the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA), Local Transportation Funds (LTF), State Transit Assistance (STA), and certain Measure L accounts. PTMISEA are held on behalf of transit agencies for approved capital projects. LTF is used to account for retail sales tax (collected statewide under the Transportation Development Act) that is returned to the Transportation Authority. The revenues are distributed to eligible claimants to provide transit services, pedestrian/bicycle facilities, and street and roads funding. Council management and staff administrative and planning functions related to the LTF The State Transit Assistance (STA) Fund is used to account for statewide sales tax on motor vehicle fuel collected under the Transportation Development Act that is allocated to all the jurisdictions for non-motorized claims and transit operators for claims. The revenues are distributed to eligible claimants to provide transit operator or contracted transit services. The portion of Measure L Revenues designated for local control to be distributed to communities within Stanislaus County are administered by the Council and accounted for in the Measure L Fund.

Allocations: The Council apportions, allocates, and makes payments of LTF and STA funds to various claimants based on their Transit Cost Sharing Procedures, which are approved by the Transportation Development Act.

STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents: The Council holds its cash in the County Treasury. The County maintains a cash and investment pool. Cash in excess of current requirements is invested in various interest-bearing securities. Interest is apportioned quarterly to the various funds based on the average monthly balances. Information regarding categorization of investments can be found in the County financial statements.

Capital Assets: Purchases of capital assets are capitalized at cost in the government-wide Statement of Net Position at the time of purchase and recorded as expenditures in the General Fund. Capital assets are defined by the Council as assets with an estimated useful life in excess of one year and initial individual cost of \$5,000 or more. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, from five to ten years. Depreciation recognized on capital assets acquired is transferred to net position, net investment in capital assets, after being charged to operations.

Net Position: Net position represents the residual interest in the Council's assets after liabilities are deducted. In accordance with GASB Statement No. 63, the fund equity section on the Statement of Net Position was combined to report total net position and present it in three broad components:

- Net investment in capital assets – Amount consists of capital assets, including infrastructure, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted – Amount consists of net position restricted by external creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabled legislature.
- Unrestricted – Amount consists of all net position that does not meet the definition “net investment in capital assets” or “restricted” net position.

When both restricted and unrestricted net position are available, restricted resources are depleted first before unrestricted resources are used.

Fund Balance: In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Council is bound to honor constraints on how specific amounts can be spent.

STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance (continued):

- *Nonspendable fund balance* - amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- *Restricted fund balance* - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* - amounts that can only be used for specific purposes determined by formal action of the Council's highest level of decision-making authority (the Policy Board) and that remain binding unless removed in the same manner. Committed fund balance does not lapse at year-end. The formal action must occur prior to the end of the reporting period. However, the amount which will be subject to the constraint may be determined in the subsequent period. The formal action required to commit fund balance shall be Policy Board resolution.
- *Assigned fund balance* - amounts that are constrained by the Council's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose. Assigned funds cannot cause a deficit in unassigned fund balance.
- *Unassigned fund balance* - the residual classification for the Council's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, followed by the unrestricted committed, assigned, and unassigned resources as they are needed.

The Council has not adopted, and does not maintain, a minimum fund balance policy.

Overhead: Administrative and office overhead is allocated to each project on the basis of its approved indirect cost rate. Professional and specialized services are charged directly to the applicable project.

Compensated Absences: Compensated absences are made up of accrued vacation payable and vested accrued sick leave payable as determined by office policy established by the Board of Directors. Council policy states that all vacation pay earned vests and that one-fourth of sick leave hours in excess of forty hours vests and is compensable.

Risk Management Liability: The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council is insured with commercial carriers. The Council schedule of insurance coverage is included on page 54.

STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Management Estimates: The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Governmental Accounting Standards Update: During the year ending June 30, 2020, the Council implemented the following standards:

GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The requirements of this statement are effective as of May 2020.

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 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 June 15, 2021.

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 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 December 15, 2019.

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 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 requirements of this statement to June 15, 2021.

**STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Accounting Standards Update (continued):

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 January 7, 2021, which is the date the financial statements were available to be issued.

NOTE 2 – CASH AND INVESTMENTS

Cash and equivalents are reported in the accompanying financial statements as follows:

Government-Wide Statement of Net Position:	
Cash and cash equivalents	\$ 38,389,191
Custodial Funds:	
Cash and cash equivalents	<u>10,294,445</u>
Total cash and cash equivalents	<u><u>\$ 48,683,636</u></u>

Cash and cash equivalents as of June 30, 2020, consist of the following:

Cash in banks	\$ 39,594,300
Cash and cash equivalents in County Pool	<u>9,089,336</u>
Total cash and cash equivalents	<u><u>\$ 48,683,636</u></u>

STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments Authorized by the California Government Code: The table below identifies the investment types that are authorized by the California Government Code or the Council’s investment policy (where more restrictive):

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Securities	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	20%
Commercial Paper	180 days	15%	N/A
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	90 days	None	None
State of California Obligations	5 years	None	None
Medium-Term Notes	5 years	30%	5%
Mutual Funds	N/A	15%	5%
Bank Certificates of Deposit	5 years	None	5%
Local Agency Investment Fund (LAIF)	N/A	\$50,000,000	None

* Excludes amounts held by bond trustees that are not subject to California Government Code Restrictions.

Investment in Stanislaus County Treasurer’s Pool: The Council maintains its cash balances in the County Treasury Investment Pool. The pool is non-Securities Exchange Commission (SEC) registered, but is invested in accordance with California State Government Code and the County Treasurer’s Investment Policy. California State Government Code requires the formation of an Investment Oversight Committee, which is charged with overseeing activity in the pool for compliance to policy and code requirement. To this end, the County oversight committee reviews the monthly investment report prior to presentation to the County Board of Supervisors and causes an audit of investments to occur annually.

The fair value of the Council’s shares in the County Treasurer’s Pool is the same as the value of the pool shares. The Council had a total of \$9,089,336 invested in the Stanislaus County Treasurer’s Pool at June 30, 2020.

Interest Rate Risk: This is the risk of loss due to the fair value of an investment falling because of rising interest rates. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The County Treasurer’s Pool policy for interest rate risk allows investments to be sold prior to maturity at a loss if such sale will allow investment in a higher yield vehicle and any loss upon sale can be more than compensated by additional interest earning within a six-month period. Of the County’s \$1.40 billion portfolio, over 39% of the investments have a maturity of 1 year or less. No investment has a maturity greater than 5 years.

**STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

NOTE 2 – CASH AND INVESTMENTS (continued)

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County Treasurer’s Pool is permitted to hold investments of issuers with a short-term rating of “A-1” and a minimum long-term rating of “A” by two of the top nationally recognized statistical rating organizations (rating agencies).

Custodial Credit Risk - Deposits and Investments: Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk of *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Council deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At year-end, the Council had no custodial credit risk exposure to any depository financial institution.

Fair Value Measurements: The Council categorizes its fair value measurements within the framework established by GASB Statement No. 72, *Fair Value Measurement and Application*. That framework provides a three-tiered fair value hierarchy as follows:

- Level 1 – reflect unadjusted quoted prices in active markets for identical assets.
- Level 2 – reflect inputs that are based on a similar observable asset either directly or indirectly.
- Level 3 – reflect unobservable inputs.

The Council has no recurring fair value measurements as of June 30, 2020.

	Total
Investment Measured At Amortized Cost	
Stanislaus County Investment Pool	\$ 9,089,336
Total Pooled Investments	\$ 9,089,336

STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 2 – CASH AND INVESTMENTS (continued)

Treasury Pool Income and Participant Withdrawals: Treasury Pool investments are accounted for in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires governmental entities to report certain investments at fair value in the balance sheet and the statement of net position and recognize the corresponding change in value of investments in the year in which the change occurred. The value of the participant’s shares in the Treasury Pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the participant’s position in the Treasury Pool. The fair value fluctuates with interest rates, and increasing rates could cause the value to decline below original cost; however, Stanislaus County management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude Stanislaus County from having to sell investments below original cost for that purpose.

NOTE 3 – CAPITAL ASSETS

The following is a summary of changes in capital assets:

	Beginning Balance	Additions	Retirements/ Adjustments	Ending Balance
Capital assets being depreciated:				
Equipment	\$ 102,908	\$ -	\$ -	\$ 102,908
Accumulated depreciation	(72,907)	(11,821)	-	(84,728)
Total capital assets being depreciated, net	<u>\$ 30,001</u>	<u>\$ (11,821)</u>	<u>\$ -</u>	<u>\$ 18,180</u>

Depreciation expense for the year ended June 30, 2020, was \$11,821.

NOTE 4 – OPERATING LEASES

The Council is committed under various operating leases for building and office space and business and data processing equipment. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the Council’s account group. Aggregate rental expense for all operating leases was \$94,980 for all fund types for the year ended June 30, 2020. The following is a schedule by year of the future minimum rental payments required under the operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2020.

Year Ending June 30,	Amount
2021	\$ 94,980
2022	7,915
Total	<u>\$ 102,895</u>

STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 5 – UNEARNED REVENUE

The Council has unearned revenue of \$41,412 related to the General Fund (Expenditure Plan set-aside and State Route 132 West Local Match) and \$1,847 related to the State Route 132 East Pilot Project Fund (Statewide Transportation Improvement Project (STIP) construction).

NOTE 6 – COMPENSATED ABSENCES

Employees of the Council can accrue hours toward personal leave according to its personnel policies. Subject to the limitations, as described in its personnel policies, accumulated personal leave is carried over to subsequent periods if not used within the fiscal year. Accrued personal leave is carried on the books of the Council based upon the prevailing authorized rate of pay.

At June 30, 2020, the amount of liability for personal leave was:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 151,529	\$ 134,677	\$ (98,967)	\$ 187,239	\$ 79,081
Total	<u>\$ 151,529</u>	<u>\$ 134,677</u>	<u>\$ (98,967)</u>	<u>\$ 187,239</u>	<u>\$ 79,081</u>

NOTE 7 – DEFERRED COMPENSATION PLAN

The Council’s employees participate in the Council’s deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time Council employees and administered by the International City Management Association, permits participants to defer a portion of their salary until future years.

The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under these plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries. These assets are not included on the financial statements of the Council and are not subject to the claims of the Council’s general creditors.

Normal contribution limits for the year ended June 30, 2020, are the smaller of \$18,500 or 100% of gross compensation. Full-time employee investments are managed by the plan’s trustee under one of eighteen investment options or a combination thereof. The choice of the investment option(s) is made by the participants.

STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 8 – PENSIONS

Plan Description: The Council is a participant in the Stanislaus County Employees Retirement Association (StanCERA), a retirement system organized under the 1937 Retirement Act. StanCERA is a cost-sharing multiple employer Public Employee Retirement System (PERS). StanCERA provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits. Health and welfare insurance for retirees and their dependents is available however administered independently of StanCERA. The plan is administered by StanCERA. An actuarial valuation is performed for the system annually as a whole and the contribution rate is determined for each participating entity. The participating entities are the County, City of Ceres, and six special districts located in the County not governed by the County's Board of Supervisors. StanCERA issues a Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for StanCERA. The CAFR may be obtained by writing to Stanislaus County Employees Retirement Association, P.O. Box 3150, Modesto, CA 95353-3150 or by calling (209) 525-6393.

The StanCERA CAFR is prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. All other securities are valued at the last reported market price at current exchange rates.

Summary of Plans and Eligible Participants

General Tiers 1,2,4,5 (not open to new members)	Vests after five years of credited service and may retire at age 50 or older with 10 or more years of membership with StanCERA or any age with 30 or more years of credited service.
General Tier 3 (not open to new members)	Vests after ten years of credited service and may retire at age 55 with 10 or more years of credited service.
General Tier 6 (open to new members)	Vests after five years of credited service and may retire at age 52 with 5 years of service credit or age 70 regardless of service credit.
Safety Tiers 1, 2, 4, 5 (not open to new members)	Vests after five years of credited service and may retire at age 50 or older with 10 or more years of membership with StanCERA or any age with 20 or more years of credited service.
Safety Tier 6 (open to new members)	Vests after five years of credited service and may retire at age 50 with 5 years of service credit or age 70 regardless of service credit.

STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 8 – PENSIONS (continued)

Benefits Provided: Members terminating employment before accruing ten years for Tier 3 of retirement service credit forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within the prescribed time period. Non-vested members who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Members who terminate after earning five or ten years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement. Difference between expected or actual experience for vested and non-vested benefits may result in an increase or decrease to pension expense and net pension liability.

For members with Tier 1, Tier 4, or Tier 5 benefits, final average salary is the average monthly salary based on the highest twelve consecutive months of earnings. For members with Tier 2, Tier 3, or Tier 6 benefits, final average salary is the average monthly salary based on the highest thirty-six consecutive months of earnings.

The retirement benefit for Tier 1, Tier 2, Tier 4, Tier 5, and Tier 6 members includes a postretirement cost-of-living adjustment (COLA) based upon the Consumer Price Index. COL increases/decreases are limited to a maximum of 3% annually. Total COL decrease(s) cannot exceed the cumulative amount of previous COLA increase(s). Tier 1, Tier 2, Tier 4, Tier 5, and Tier 6 provide death and disability benefits.

Those members participating in Tier 1, Tier 2, Tier 4, Tier 5, and Tier 6 are required by statute to contribute to the pension plan. Members' contribution rates for Tier 1, Tier 2, Tier 4, and Tier 5 are formulated on the basis of the age at date of entry and the actuarially calculated future benefits. Members' contribution rate for Tier 6 is a flat rate based on the actuarially calculated future benefit. The Council is required by statute to contribute the remaining amounts necessary to finance the estimated benefits accrued to its members. Member and employer contribution rates for each plan are as follows:

Plan	Employer Contribution Rates	Employee Contribution Rates
General Tier 1	26.01%	4.83-7.29%
General Tier 2	20.08%	6.29-10.48%
General Tier 3	14.07%	Non-contributory
General Tier 4	24.59%	4.71-7.09%
General Tier 5	22.97%	7.60-11.70%
General Tier 6	20.10%	7.28%
Safety Tier 2	30.62%	10.32-16.36%
Safety Tier 4	43.31%	7.87-11.36%
Safety Tier 5	31.36%	11.71-17.12%
Safety Tier 6	25.43%	11.83%

STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 8 – PENSIONS (continued)

The Council’s contributions to StanCERA for the fiscal year ended June 30, 2019, was equal to the required contributions. The required contributions for the last three fiscal years are noted in the below chart. The Council does not contribute towards post-employment benefits other than retirement.

Fiscal Year End	Contributions	
June 30, 2017	\$	289,623
June 30, 2018	\$	272,498
June 30, 2019	\$	296,735

The County Employees’ Retirement Law of 1937 establishes the basic obligations for employer and member contributions and benefits to and of the retirement system. The actual employer and member contribution rates in effect each year are based on recommendations made by an independent actuary and adopted by the StanCERA Board of Retirement.

StanCERA provides a death benefit of \$5,000 paid to the beneficiary or estate if a member dies after retirement, provided that Stanislaus County was the members’ last public employer.

Ad-hoc benefits are non-vested benefits determined by the Board of Retirement. Approved changes to the excess earnings policy by the Board of Retirement on June 30, 2014, placed restrictions on offering adhoc benefits, specifically that the system must be 100% actuarially funded prior to the Board of Retirement offering any ad-hoc benefits. StanCERA is 76.98% actuarially funded as of June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2020, the Council reported a liability of \$2,432,940 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the liability used to calculate the net pension liability was determined by an actuarial valuation date of June 30, 2018, updated to June 30, 2019. The Council’s proportion of the net pension liability was based on a projection of the Council’s long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2019, the Council’s proportion was 0.3685%, compared to 0.3090% at June 30, 2018, an increase of 0.0595%.

For the year ended June 30, 2020, the Council recognized a pension expense of \$296,735. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions, or method and plan benefits. At June 30, 2020, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 8 – PENSIONS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred outflows of resources - difference between expected and actual experience	\$ 87,283	\$ -
Deferred outflows/inflows of resources - change in assumptions	198,808	135,749
Council contributions subsequent to the measurement date	296,735	-
Deferred outflows/inflows of resources - change in proportionate share	255,710	118,544
Deferred inflows of resources - change in actual vs. proportionate contributions	-	25,939
Deferred outflows of resources - difference between projected and actual earnings	71,455	-
Deferred inflows of resources - difference between expected and actual experience	-	31,647
	<u>\$ 909,991</u>	<u>\$ 311,879</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The Council contributions of \$296,735 made subsequent to the measurement date are reported as deferred outflows of resources for fiscal year ending June 30, 2020, and will be recognized as reduction of the net pension liability in the fiscal year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 245,675
2022	(61,418)
2023	38,710
2024	78,410
Total	<u>\$ 301,377</u>

STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 8 – PENSIONS (continued)

Actuarial Assumptions: The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

Inflation	2.75%
Amortization growth rate	3.00%
Salary increases	3.00% plus merit component
COLA increases	2.60% for those eligible
Investment rate of return expense	7.00%, net of investment
Post-retirement mortality	Sex distinct RP-2000 Combined Mortality, projected to 2020 using scale MP-2018

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study dated June 30, 2018.

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Domestic Equities		
U.S. Large Cap	3.70%	14.00%
U.S. Small Cap	3.30%	3.00%
International Equities		
International Developed	5.60%	18.00%
Emerging Market Equity	6.50%	5.00%
U.S. Fixed Income		
Core Fixed Income	0.00%	0.00%
U.S. Treasury	0.60%	3.00%
Short-term Gov/Credit	0.70%	19.00%
Real Estate		
Core	4.00%	5.00%
Value-add	6.00%	5.00%
Risk Parity	5.00%	13.00%
Private Equity	6.70%	6.00%
Private Credit	5.60%	6.00%
Infrastructure	5.80%	2.00%
Cash	0.00%	1.00%

**STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

NOTE 8 – PENSIONS (continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
\$ 3,916,022	\$ 2,432,940	\$ 1,222,237

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

NOTE 9 – PROPOSITION 1B (PTMISEA) FUNDING

The Council receives Proposition 1B (PTMISEA) funding on behalf of transit agencies for approved capital projects. During the fiscal year ended June 30, 2020, the Council received \$0 of Proposition 1B funds and distributed \$0 for bus shelter, bus stop, bus maintenance facility, and intermodal transfer facility improvements. These funds are held in an interest-bearing account, where an additional \$303 in interest was deposited during the year ended June 30, 2020. The total funds being held at June 30, 2020, in the amount of \$158,556, have been recorded in the Council’s custodial funds.

Schedule of PTMISEA Proposition 1B Funds For the Year Ended June 30, 2020	
Description	Amount
Balance - beginning of the year	\$ 158,253
PTMISEA receipts:	
Interest earned	303
Disbursements:	
PTMISEA related expenses	-
Balance - end of year	\$ 158,556

STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 10 – CONTINGENT LIABILITIES

Grants have been received by the Council for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement for costs disallowed under the terms of the grants. The amount, if any, of costs that may be disallowed by the granting agencies cannot be determined at this time. Management expects such amounts, if any, to be immaterial.

NOTE 11 – FUND BALANCE

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detail schedule of fund balances at June 30, 2020, is as follows:

	Fund	Capital Project 132 East Pilot Project Fund	Special Revenues Funds		Total
			Measure L Fund	Nonmajor Funds	
Nonspendable					
Prepays	\$ 39,013	\$ -	\$ -	\$ -	\$ 39,013
Total Nonspendable	39,013	-	-	-	39,013
Restricted Fund Balance					
Undistributed	-	-	23,411,063	1,245,804	24,656,867
Total Restricted	-	-	23,411,063	1,245,804	24,656,867
Assigned Fund Balance					
Planning	-	83,769	-	-	83,769
Total Assigned	-	83,769	-	-	83,769
Unassigned Fund Balance	3,173,746	-	-	-	3,173,746
Total Fund Balance	<u>\$ 3,212,759</u>	<u>\$ 83,769</u>	<u>\$ 23,411,063</u>	<u>\$ 1,245,804</u>	<u>\$ 27,953,395</u>

STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 12 – EXCESS EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2020, the following expenditure line items exceeded appropriations by the following amounts:

General Fund:	
Administrative services	\$ 6,277
Communications	1,385
Insurance	368
Postage/mailing services	101
Publications and legal notices	5,371

NOTE 13 – PRIOR PERIOD ADJUSTMENTS

Measure L Fund:	
Net position at July 1, 2019, as previously stated	\$ 20,409,239
Understatement of revenue	1,415,591
Reclassification to Custodial Fund	<u>(18,930)</u>
Net position at July 1, 2019, as restated	<u>\$ 21,805,900</u>
Local Transportation Fund:	
Net position at July 1, 2019, as previously stated	\$ 5,116,759
Reclassification to Custodial Fund	<u>(5,116,759)</u>
Net position at July 1, 2019, as restated	<u>\$ -</u>
State Transit Assistance Fund:	
Net fund balance at July 1, 2019, as previously stated	\$ 2,620,539
Reclassification to Custodial Fund	<u>(2,620,539)</u>
Net position at July 1, 2019, as restated	<u>\$ -</u>

NOTE 14 – COVID-19 CONTINGENCY

On March 4, 2020, Governor Newsom issued an emergency proclamation declaring a State of Emergency in California due to the novel Coronavirus (COVID-19). The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the Council is unknown.

STANISLAUS COUNCIL OF GOVERNMENTS

REQUIRED SUPPLEMENTARY INFORMATION

STANISLAUS COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – GENERAL FUND (BY OBJECT)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Sales tax	\$ 1,838,279	\$ 2,226,016	\$ 1,544,068	\$ (681,948)
Intergovernmental	3,783,089	3,869,575	2,108,138	(1,761,437)
Investment earnings	2,500	2,500	4,739	2,239
Miscellaneous	84,200	54,543	83,963	29,420
Total Revenues	5,708,068	6,152,634	3,740,908	(2,411,726)
EXPENDITURES				
Salaries and Benefits				
Salaries	2,506,240	2,506,240	1,886,977	619,263
Total salaries and benefits	2,506,240	2,506,240	1,886,977	619,263
Services and supplies:				
Administrative services	9,720	9,720	15,997	(6,277)
Auditing and accounting	55,500	55,500	51,368	4,132
Communications	21,830	21,830	23,215	(1,385)
Conferences, seminars, and travel	210,000	210,000	194,138	15,862
Contracts	1,858,596	1,858,596	975,801	882,795
Data processing	27,432	27,432	21,623	5,809
Equipment maintenance	2,300	2,300	600	1,700
Equipment purchases	184,200	184,200	26,590	157,610
Equipment rents and leases	20,800	20,800	11,304	9,496
Furnishings	17,000	17,000	7,005	9,995
Insurance	22,000	22,000	22,368	(368)
Memberships	25,000	25,000	21,597	3,403
Office expense	28,800	28,800	28,354	446
Postage/ mailing services	1,000	1,000	1,101	(101)
Printing	40,000	40,000	2,502	37,498
Publications and legal notices	18,000	18,000	23,371	(5,371)
Rideshare incentives	18,484	18,484	11,600	6,884
Software	77,500	77,500	35,833	41,667
Structures and grounds maintenance	3,400	3,400	1,748	1,652
Structures and grounds leases	157,466	157,466	128,858	28,608
Utilities	8,500	8,500	7,264	1,236
Appropriation for contingencies	50,000	50,000	-	50,000
Exigencies	15,000	15,000	940	14,060
Total services and supplies	2,872,528	2,872,528	1,613,177	1,259,351
Professional and special services	330,000	330,000	169,530	160,470
Total expenditures	5,708,768	5,708,768	3,669,684	2,039,084
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (700)</u>	<u>\$ 443,866</u>	71,224	<u>\$ (372,642)</u>
Fund Balance, Beginning of Year			<u>3,141,535</u>	
Fund Balance, End of Year			<u>\$ 3,212,759</u>	

**STANISLAUS COUNCIL OF GOVERNMENTS
SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020
LAST 10 YEARS***

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
Council's proportion of the net pension liability	0.3685%	0.3090%	0.3298%	0.3621%	0.3678%	0.3973%	0.3767%
Council's proportionate share of the net pension liability (asset)	\$ 2,432,940	\$ 1,995,234	\$ 2,194,118	\$ 2,669,757	\$ 1,085,583	\$ 925,977	\$ 1,434,295
Council's covered-employee payroll	\$ 1,311,607	\$ 901,920	\$ 934,092	\$ 889,866	\$ 956,812	\$ 881,462	\$ 819,289
Council's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	215.00%	221.22%	234.89%	300.02%	113.46%	105.05%	175.07%
Plan fiduciary net position as a percentage of the total pension liability (asset)	77.00%	76.70%	75.00%	70.60%	86.10%	88.49%	80.23%

*The pension schedules are required to show ten years of data and the additional years' information will be displayed as it becomes available.

**STANISLAUS COUNCIL OF GOVERNMENTS
SCHEDULE OF THE COUNCIL'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020
LAST 10 YEARS***

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Actuarially determined contribution	\$ 296,735	\$ 272,498	\$ 289,623	\$ 210,729	\$ 192,183	\$ 185,793
Actual contributions	<u>296,735</u>	<u>272,498</u>	<u>289,623</u>	<u>210,729</u>	<u>192,183</u>	<u>174,986</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,807</u>
Council's covered-employee payroll	\$ 1,311,607	\$ 901,920	\$ 934,092	\$ 889,866	\$ 956,812	\$ 881,462
Actual contributions as a percentage of County's covered-employee payroll	22.62%	30.21%	31.01%	23.68%	20.09%	19.85%

* The pension schedules are required to show ten years of data and the additional years' information will be displayed as it becomes available.

**STANISLAUS COUNCIL OF GOVERNMENTS
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION**

NOTE 1 – BUDGETARY DATA

The Stanislaus Council of Governments (the Council) follows these procedures in establishing the budgetary data reflected in the financial statements:

The Council's Management diligently completes a comprehensive review of the required work to comply with state and federal mandates approximately six months prior to the start of the fiscal year. At that time, Management assesses the staffing needed to perform the required work, reviews plans for projects and studies, and ultimately budgets revenues and expenses to efficiently and effectively use grant funds.

At the beginning of the calendar year, the Council conducts its annual Overall Work Program (OWP) meeting with the Federal Highway Administration (FHWA), Federal Transit Administration (FTA), and the California Department of Transportation (Caltrans). During the meeting, Caltrans, FHWA, and FTA provide comments on the requirements for the next fiscal year which are incorporated into the development of the Draft Fiscal Year OWP and Budget.

The Draft Fiscal Year OWP and Budget is reviewed with the Council's Advisory Committees (Executive Committee) for their feedback. The Draft Fiscal Year Budget OWP and Budget is submitted to FHWA, FTA, and Caltrans for their review and comments. It is presented to the Council's Policy Board in April/May for its adoption.

The budget of the Council represents a financial plan to undertake the work program of the Council and includes proposed expenditures and the means of financing them.

All transfers, modifications, and supplemental appropriations to the budget must be approved by the Council through resolution. The Budgetary Comparison Schedule reflects these revisions. Actual expenditures may not legally exceed "budget" appropriations at the individual fund level. Budgetary control, however, is maintained at the departmental level.

Appropriations lapse at the close of the year to the extent that they have not been expended or encumbered.

The Council prepares its budget on a basis of accounting in accordance with accounting principles generally accepted in the United States of America.

STANISLAUS COUNCIL OF GOVERNMENTS

OTHER SUPPLEMENTARY INFORMATION

**STANISLAUS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA No.	Supplemental Identifying Number	Pass- Through to Sub- recipients	Federal Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Federal Highway Works Administration				
Passed through the California Department of Transportation				
Highway Planning and Construction Cluster:				
Federal Transit Administration	20.205	CA-81-X-002	\$ -	\$ 237,628
Highway Planning and Construction - OWP	20.205	CA-81-X-002	-	1,026,205
Congestion Mitigation and Air Quality Improvement Program	20.205	CML-6089(075)	-	118,699
Congestion Mitigation and Air Quality Improvement Program	20.205	CML-6089(080)	-	77,969
Regional Surface Transportation Program	20.205	STPL-6089(079)	-	60,000
Total Federal Highway Works Administration - Highway Planning and Construction Cluster			<u>-</u>	<u>1,520,501</u>
Federal Transit Administration				
Passed through the California Department of Transportation				
Transit Services Programs Cluster:				
FTA 5316 - Job Access Reverse Commute	20.516	CA-37-X168	<u>135,860</u>	<u>161,401</u>
Total Federal Transit Administration - Transit Services Programs Cluster			<u>135,860</u>	<u>161,401</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 135,860</u>	<u>\$ 1,681,902</u>

**STANISLAUS COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Stanislaus Council of Governments (the Council) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Council’s basic financial statements.

NOTE 2 – SCHEDULE OF THE TOTAL FEDERAL AWARDS PROVIDED TO SUB-RECIPIENTS FROM EACH FEDERAL PROGRAM

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the Council provided federal awards to sub-recipients as follows for the fiscal year ended June 30, 2020:

Program Title	CFDA Number	Name of Sub-recipient	Amount Provided to Sub- recipient
FTA 5316 - Job Access Reverse Commute Program	20.516	MOVE	\$ 135,860
Total Federal awards provided to sub-recipients			<u>\$ 135,860</u>

NOTE 3 – INDIRECT COST RATE

The Council has elected not to use the 10 percent de minimus cost rate allowed under the Uniform Guidance.

**STANISLAUS COUNCIL OF GOVERNMENTS
GENERAL FUND – SCHEDULE OF EXPENDITURES –
ALLOCATION OF DIRECT AND INDIRECT COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

	Actual Direct	Actual Indirect	Actual Unallowed Costs	Total Actual
Expenditures:				
Salaries and benefits				
Salaries	\$ 660,400	\$ 367,270	\$ 76,923	\$ 1,104,593
Fringe benefits	364,135	391,602	26,647	782,384
Total salaries and benefits	<u>1,024,535</u>	<u>758,872</u>	<u>103,570</u>	<u>1,886,977</u>
Service and supplies				
Administrative services	-	15,997	-	15,997
Auditing and Accounting	25,600	25,768	-	51,368
Communications	-	23,215	-	23,215
Conferences, seminars, and travel	34,349	3,233	156,556	194,138
Data processing	-	21,632	-	21,632
Equipment maintenance	-	600	-	600
Equipment purchases	-	26,581	-	26,581
Equipment rents and leases	-	11,304	-	11,304
Furnishings	-	7,005	-	7,005
Insurance	-	22,368	-	22,368
Memberships	-	-	21,597	21,597
Office expense	-	16,284	12,070	28,354
Postage/mail services	-	1,101	-	1,101
Printing	2,201	301	-	2,502
Publication and legal notices	22,785	-	587	23,372
Rideshare Incentives	11,600	-	-	11,600
Software	17,419	13,212	5,202	35,833
Structures and grounds maintenance	-	750	998	1,748
Structures and grounds leases	-	128,858	-	128,858
Utilities	-	7,264	-	7,264
Exigencies	-	-	940	940
Total service and supplies	<u>113,954</u>	<u>325,473</u>	<u>197,950</u>	<u>637,377</u>
Other expenditures				
Professional and special services	<u>932,970</u>	<u>80,583</u>	<u>131,777</u>	<u>1,145,330</u>
Total other expenditures	<u>932,970</u>	<u>80,583</u>	<u>131,777</u>	<u>1,145,330</u>
Total expenditures	<u>\$ 2,071,459</u>	<u>1,164,928</u>	<u>\$ 433,297</u>	<u>\$ 3,669,684</u>
Cost adjustments				
Depreciation		<u>11,281</u>		
Total cost adjustments		<u>11,281</u>		
Total adjusted recoverable indirect expenditures		<u>\$ 1,176,209</u>		

**STANISLAUS COUNCIL OF GOVERNMENTS
GENERAL FUND – DEPARTMENT OF TRANSPORTATION – CALTRANS
INDIRECT COSTS CARRY FORWARD COMPUTATION
FOR THE YEAR ENDED JUNE 30, 2020**

Budgeted Amounts:	
Budgeted indirect expense	\$ 1,438,700
Carry forward of indirect costs not reimbursed (FY 2017/18)	(9,152)
	<hr/>
Adjusted indirect expense	1,429,548
	<hr/>
Budgeted - direct salaries plus fringe benefits	1,767,942
	<hr/>
Caltrans approved indirect cost rate	80.86%
	<hr/>
Actual Costs:	
Actual indirect expense	1,176,209
Carry forward of indirect costs not reimbursed (FY 2017/18)	(9,152)
	<hr/>
Actual indirect expense (plus carry forward)	1,167,057
	<hr/>
Actual direct salaries plus fringe benefits	1,024,535
	<hr/>
Carry forward computation:	
Actual recovered: approved rate x actual direct salaries (including fringe benefits)	
80.86% x 1,024,535	
	<hr/>
Should have recovered actual indirect expense (plus carry forward)	828,439
	<hr/>
(Over) under recovery - carry forward	\$ 338,618
	<hr/> <hr/>

**STANISLAUS COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
LOCAL TRANSPORTATION FUND
JUNE 30, 2020**

	Undistributed	Transit Marketing	ROTA	Ceres	Hughson
ASSETS					
Cash and cash equivalents	\$ 4,412,615	\$ 306,198	\$ -	\$ 229,890	\$ 13,699
Interest receivable	11,099	1,008	-	809	45
Due from other governments	2,488,746	-	-	-	-
Total Assets	<u>\$ 6,912,460</u>	<u>\$ 307,206</u>	<u>\$ -</u>	<u>\$ 230,699</u>	<u>\$ 13,744</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 19,092	\$ -
Total Liabilities	-	-	-	19,092	-
Net Position					
Held in Trust:					
Unallocated apportionment	6,912,460	307,206	-	211,607	13,744
Total Net Position	<u>6,912,460</u>	<u>307,206</u>	<u>-</u>	<u>211,607</u>	<u>13,744</u>
Total Liabilities and Net Position	<u>\$ 6,912,460</u>	<u>\$ 307,206</u>	<u>\$ -</u>	<u>\$ 230,699</u>	<u>\$ 13,744</u>

STANISLAUS COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF FIDUCIARY NET POSITION (continued)
LOCAL TRANSPORTATION FUND
JUNE 30, 2020

	Modesto	Newman	Oakdale	Patterson	Riverbank
ASSETS					
Cash and cash equivalents	\$ 746,460	\$ 38,048	\$ 132,185	\$ 39,595	\$ 86,612
Interest receivable	3,412	125	435	130	285
Due from other governments	-	-	-	-	-
Total Assets	<u>\$ 749,872</u>	<u>\$ 38,173</u>	<u>\$ 132,620</u>	<u>\$ 39,725</u>	<u>\$ 86,897</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	<u>\$ 214,236</u>	<u>\$ -</u>	<u>\$ 57,466</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>214,236</u>	<u>-</u>	<u>57,466</u>	<u>-</u>	<u>-</u>
Net Position					
Held in Trust:					
Unallocated apportionment	<u>535,636</u>	<u>38,173</u>	<u>75,154</u>	<u>39,725</u>	<u>86,897</u>
Total Net Position	<u>535,636</u>	<u>38,173</u>	<u>75,154</u>	<u>39,725</u>	<u>86,897</u>
Total Liabilities and Net Position	<u>\$ 749,872</u>	<u>\$ 38,173</u>	<u>\$ 132,620</u>	<u>\$ 39,725</u>	<u>\$ 86,897</u>

STANISLAUS COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF FIDUCIARY NET POSITION (continued)
LOCAL TRANSPORTATION FUND
JUNE 30, 2020

	Stanislaus County	Turlock	Waterford	CTSA Paratransit	Total LTF
ASSETS					
Cash and cash equivalents	\$ 381,999	\$ 386,465	\$ 9,845	\$ 610	\$ 6,784,221
Interest receivable	1,454	1,519	64	2	20,387
Due from other governments	-	-	-	-	2,488,746
Total Assets	<u>\$ 383,453</u>	<u>\$ 387,984</u>	<u>\$ 9,909</u>	<u>\$ 612</u>	<u>\$ 9,293,354</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ -	\$ 91,540	\$ -	\$ -	\$ 382,334
Total Liabilities	<u>-</u>	<u>91,540</u>	<u>-</u>	<u>-</u>	<u>382,334</u>
Net Position					
Held in Trust:					
Unallocated apportionment	383,453	296,444	9,909	612	8,911,020
Total Net Position	<u>383,453</u>	<u>296,444</u>	<u>9,909</u>	<u>612</u>	<u>8,911,020</u>
Total Liabilities and Net Position	<u>\$ 383,453</u>	<u>\$ 387,984</u>	<u>\$ 9,909</u>	<u>\$ 612</u>	<u>\$ 9,293,354</u>

**STANISLAUS COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
LOCAL TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Undistributed	Transit Marketing	ROTA	Ceres	Hughson
ADDITIONS					
Sales tax	\$ 4,517,356	\$ 17,600	\$ -	\$ 684,535	\$ 6,150
Investment earnings	151,132	10,099	-	7,778	489
Total additions	<u>4,668,488</u>	<u>27,699</u>	<u>-</u>	<u>692,313</u>	<u>6,639</u>
DEDUCTIONS					
StanCOG	1,123,381	-	-	-	-
ROTA	-	-	-	-	-
Ceres	-	-	-	646,126	-
Hughson	-	-	-	-	-
Modesto	-	-	-	-	-
Newman	-	-	-	-	-
Oakdale	-	-	-	-	-
Patterson	-	-	-	-	-
Riverbank	-	-	-	-	-
Stanislaus County	-	-	-	-	-
Turlock	-	-	-	-	-
Waterford	-	-	-	-	-
CTSA (MOVE)	-	-	-	-	-
Total deductions	<u>1,123,381</u>	<u>-</u>	<u>-</u>	<u>646,126</u>	<u>-</u>
Excess (deficiency) of additions over (under) deductions	<u>3,545,107</u>	<u>27,699</u>	<u>-</u>	<u>46,187</u>	<u>6,639</u>
Other financing sources (uses)					
Transfers in	53,381	-	-	3,010	461
Transfers out	(87,906)	-	-	-	-
Total other financing sources (uses)	<u>(34,525)</u>	<u>-</u>	<u>-</u>	<u>3,010</u>	<u>461</u>
Net change in fiduciary net position	3,510,582	27,699	-	49,197	7,100
Net position, beginning of year	-	-	-	-	-
Prior period adjustment	3,401,878	279,507	-	162,410	6,644
Net position, end of year	<u>\$ 6,912,460</u>	<u>\$ 307,206</u>	<u>\$ -</u>	<u>\$ 211,607</u>	<u>\$ 13,744</u>

**STANISLAUS COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (continued)
LOCAL TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Modesto	Newman	Oakdale	Patterson	Riverbank
ADDITIONS					
Sales tax	\$ 7,421,840	\$ 9,379	\$ 18,537	\$ 18,025	\$ 20,063
Interest	27,290	1,304	4,438	1,596	2,961
Total additions	<u>7,449,130</u>	<u>10,683</u>	<u>22,975</u>	<u>19,621</u>	<u>23,024</u>
DEDUCTIONS					
StanCOG	-	-	-	-	-
ROTA	-	-	-	-	-
Ceres	-	-	-	-	-
Hughson	-	-	-	-	-
Modesto	7,435,387	-	-	-	-
Newman	-	-	-	-	-
Oakdale	-	-	57,465	-	-
Patterson	-	-	-	37,680	-
Riverbank	-	-	-	-	-
Stanislaus County	-	-	-	-	-
Turlock	-	-	-	-	-
Waterford	-	-	-	-	-
CTSA (MOVE)	-	-	-	-	-
Total deductions	<u>7,435,387</u>	<u>-</u>	<u>57,465</u>	<u>37,680</u>	<u>-</u>
Excess (deficiency) of additions over (under) deductions	<u>13,743</u>	<u>10,683</u>	<u>(34,490)</u>	<u>(18,059)</u>	<u>23,024</u>
Other financing sources (uses)					
Transfers in	13,550	703	1,431	1,432	1,550
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>13,550</u>	<u>703</u>	<u>1,431</u>	<u>1,432</u>	<u>1,550</u>
Net change in fiduciary net position	<u>27,293</u>	<u>11,386</u>	<u>(33,059)</u>	<u>(16,627)</u>	<u>24,574</u>
Net position, beginning of year	-	-	-	-	-
Prior period adjustment	508,343	26,787	108,213	56,352	62,323
Net position, end of year	<u>\$ 535,636</u>	<u>\$ 38,173</u>	<u>\$ 75,154</u>	<u>\$ 39,725</u>	<u>\$ 86,897</u>

STANISLAUS COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (continued)
LOCAL TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Stanislaus County	Turlock	Waterford	CTSA Paratransit	Total LTF
ADDITIONS					
Sales tax	\$ 7,512,709	\$ 3,157,404	\$ 7,271	\$ 758,714	\$ 24,149,583
Interest	15,455	13,092	575	613	236,822
Total additions	<u>7,528,164</u>	<u>3,170,496</u>	<u>7,846</u>	<u>759,327</u>	<u>24,386,405</u>
DEDUCTIONS					
StanCOG	-	-	-	-	1,123,381
ROTA	-	-	-	-	-
Ceres	-	-	-	-	646,126
Hughson	-	-	-	-	-
Modesto	-	-	-	-	7,435,387
Newman	-	-	-	-	-
Oakdale	-	-	-	-	57,465
Patterson	-	-	-	-	37,680
Riverbank	-	-	-	-	-
Stanislaus County	7,419,765	-	-	-	7,419,765
Turlock	-	3,098,010	-	-	3,098,010
Waterford	-	-	15,616	-	15,616
CTSA (MOVE)	-	-	-	758,714	758,714
Total deductions	<u>7,419,765</u>	<u>3,098,010</u>	<u>15,616</u>	<u>758,714</u>	<u>20,592,144</u>
Excess (deficiency) of additions over (under) deductions	<u>108,399</u>	<u>72,486</u>	<u>(7,770)</u>	<u>613</u>	<u>3,794,261</u>
Other financing sources (uses)					
Transfers in	7,237	4,590	561	-	87,906
Transfers out	-	-	-	-	(87,906)
Total other financing sources (uses)	<u>7,237</u>	<u>4,590</u>	<u>561</u>	<u>-</u>	<u>-</u>
Net change in fiduciary net position	115,636	77,076	(7,209)	613	3,794,261
Net position, beginning of year	-	-	-	-	-
Prior period adjustment	267,817	219,368	17,118	(1)	5,116,759
Net position, end of year	<u>\$ 383,453</u>	<u>\$ 296,444</u>	<u>\$ 9,909</u>	<u>\$ 612</u>	<u>\$ 8,911,020</u>

**STANISLAUS COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET – NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020**

	State of Good Repair	Vehicle Code Revenue	Total
ASSETS			
Cash and cash equivalents	\$ 1,129,727	\$ 673	\$ 1,130,400
Interest receivable	3,811	2	3,813
Due from other governments	139,611	-	139,611
Total Assets	\$ 1,273,149	\$ 675	\$ 1,273,824
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 28,020	\$ -	\$ 28,020
Total Liabilities	28,020	-	28,020
Fund Balance			
Restricted:			
Unallocated apportionment	1,245,129	675	1,245,804
Total Fund Balance	1,245,129	675	1,245,804
Total Liabilities and Fund Balance	\$ 1,273,149	\$ 675	\$ 1,273,824

**STANISLAUS COUNCIL OF GOVERNMENTS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES – NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

	State of Good Repair	Vehicle Code Revenue	Total
REVENUES			
Sales tax	\$ 808,848	\$ -	\$ 808,848
Vehicle code violation fines	-	306	306
Investment earnings	39,083	21	39,104
Total Revenues	<u>847,931</u>	<u>327</u>	<u>848,258</u>
EXPENDITURES			
Transportation	448,451	-	448,451
Project planning	328,402	-	328,402
Total Expenditures	<u>776,853</u>	<u>-</u>	<u>776,853</u>
Net Change in Fund Balance	71,078	327	71,405
Fund Balance, Beginning of Year	<u>1,174,051</u>	<u>348</u>	<u>1,174,399</u>
Fund Balance, End of Year	<u>\$ 1,245,129</u>	<u>\$ 675</u>	<u>\$ 1,245,804</u>

**STANISLAUS COUNCIL OF GOVERNMENTS
OVERALL WORK PROGRAM COSTING SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER
ITEMS BY FUNDING SOURCE
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget	FHWA PL	FTA 5303	FTA 5316	STBGP	CMAQ	AHSC	SB1
REVENUES:								
FHWA PL	\$1,645,615	\$ 1,026,205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FTA 5303	503,673	-	237,628	-	-	-	-	-
FTA 5316	142,028	-	-	161,402	-	-	-	-
STBGP	60,000	-	-	-	60,000	-	-	-
CMAQ	209,262	-	-	-	-	196,668	-	-
AHSC TECHNICAL ASSISTANCE	2,000	-	-	-	-	-	1,370	-
SB1 SUSTAINABLE COMMUNITIES	359,560	-	-	-	-	-	-	147,036
PP&M	402,025	-	-	-	-	-	-	-
ABANDONED VEHICLE	9,000	-	-	-	-	-	-	-
LTF	1,353,400	-	-	-	-	-	-	-
MEASURE L	579,951	-	-	-	-	-	-	-
ATP	357,881	-	-	-	-	-	-	-
OTHER LOCAL	-	-	-	-	-	-	-	-
DUES	20,000	-	-	-	-	-	-	-
INTEREST	2,500	-	-	-	-	-	-	-
MISCELLANEOUS	33,775	-	-	-	-	-	-	-
Total revenues	\$5,680,670	1,026,205	237,628	161,402	60,000	196,668	1,370	147,036
EXPENDITURES:								
012 Public Involvement	238,395	-	121,424	-	-	-	-	-
013 Abandoned Vehicle	9,123	-	-	-	-	-	-	-
021 Overall Work Program	77,624	64,889	-	-	-	-	-	-
022 Trans. Development Act	397,330	-	-	-	-	-	-	-
023 MPO Coordination	163,884	149,934	-	-	-	-	-	-
024 Livability	10,213	-	-	-	-	-	664	-
026 Non Motorized	46,989	-	-	-	-	-	-	-
029 ATP Grant	357,881	-	-	-	-	-	-	-
113 Modeling	347,572	5,240	-	-	-	-	-	-
200 FY18-19 SB1 Formula	335,908	-	-	-	-	-	-	108,447
201 FY19-20 SB1 Formula	70,257	-	-	-	-	-	-	38,588
300 Regional Trans. Plan	618,977	373,865	-	-	-	-	-	-
302 Environmental Justice	48,308	-	14,636	-	-	-	706	-
321 Transit	103,542	-	77,457	-	-	-	-	-
322 TDM	236,373	-	-	-	-	196,668	-	-
323 Job Reverse Access Commute	142,028	-	-	161,402	-	-	-	-
330 Trans. Improve. Plan	574,219	247,778	12,650	-	60,000	-	-	-
332 STIP Project Delivery	19,402	-	-	-	-	-	-	-
338 Performance Based Planning	74,808	-	1,536	-	-	-	-	-
388 Rural Transit Study	33,395	-	-	-	-	-	-	-
401 Measure L	579,951	-	-	-	-	-	-	-
410 Air Quality Planning	162,815	-	9,926	-	-	-	-	-
411 Congestion Mgmt.	254,370	184,501	-	-	-	-	-	-
498 Administration	-	-	-	-	-	-	-	-
499 Legislative Program	777,306	-	-	-	-	-	-	-
Total work element expenditures	5,680,670	1,026,207	237,629	161,402	60,000	196,668	1,370	147,035
FY 18-19 Unabsorbed Overhead	-	-	-	-	-	-	-	-
FY 16-17 Overhead Carryforward	-	-	-	-	-	-	-	-
FY 18-19 Capital Assets Capitalized	-	-	-	-	-	-	-	-
FY 18-19 Depreciation	-	-	-	-	-	-	-	-
Total expenditures	5,680,670	1,026,207	237,629	161,402	60,000	196,668	1,370	147,035
Excess revenues (expenses)	\$ -	\$ (2)	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ 1

**STANISLAUS COUNCIL OF GOVERNMENTS
OVERALL WORK PROGRAM COSTING SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER
ITEMS BY FUNDING SOURCE (continued)
FOR THE YEAR ENDED JUNE 30, 2020**

PP&M	AVA	LTF	Measure L	ATP	Hosted Events- Non StanCOG	General	Other Local	Totals	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,026,205	\$ 619,410
-	-	-	-	-	-	-	-	237,628	266,045
-	-	-	-	-	-	-	-	161,402	(19,374)
-	-	-	-	-	-	-	-	60,000	-
-	-	-	-	-	-	-	-	196,668	12,594
-	-	-	-	-	-	-	-	1,370	630
-	-	-	-	-	-	-	-	147,036	212,524
218,998	-	-	-	-	-	-	-	218,998	183,027
-	9,000	-	-	-	-	-	-	9,000	-
-	-	1,123,381	-	-	-	-	-	1,123,381	230,019
-	-	-	420,687	-	-	-	-	420,687	159,264
-	-	-	-	168,541	-	-	-	168,541	189,340
-	-	-	-	-	30,144	-	-	30,144	(30,144)
-	-	-	-	-	-	20,000	-	20,000	-
-	-	-	-	-	-	-	4,739	4,739	(2,239)
-	-	-	-	-	-	-	32,449	32,449	1,326
218,998	9,000	1,123,381	420,687	168,541	30,144	20,000	37,188	3,858,248	1,822,422
-	-	15,732	-	-	-	-	-	137,156	101,239
-	9,001	-	-	-	-	-	-	9,001	122
-	-	8,589	-	-	-	-	-	73,478	4,146
-	-	295,826	-	-	-	-	-	295,826	101,504
-	-	-	-	-	-	-	-	149,934	13,950
9,399	-	-	-	-	-	-	-	10,063	150
45,329	-	35	-	-	-	-	-	45,364	1,625
-	-	-	-	168,541	-	-	-	168,541	189,340
35,460	-	604	-	-	-	-	-	41,304	306,268
-	-	14,050	-	-	-	-	-	122,497	213,411
-	-	5,000	-	-	-	-	-	43,588	26,669
-	-	67,866	-	-	-	-	-	441,731	177,246
-	-	-	-	-	-	-	-	15,342	32,966
-	-	10,074	-	-	-	-	-	87,531	16,011
24,150	-	470	-	-	-	-	-	221,288	15,085
-	-	-	-	-	-	-	-	161,402	(19,374)
-	-	5,606	-	-	-	-	-	326,034	248,185
16,095	-	-	-	-	-	-	-	16,095	3,307
-	-	-	-	-	-	-	-	1,536	73,272
9,862	-	-	-	-	-	-	15,976	25,838	7,557
-	-	122	237,325	-	-	-	-	237,447	342,504
78,703	-	1,883	-	-	-	-	-	90,512	72,303
-	-	-	-	-	-	-	-	184,501	69,869
-	-	-	-	-	-	-	-	-	-
-	-	733,761	-	-	-	-	-	733,761	43,545
218,998	9,001	1,159,618	237,325	168,541	-	-	15,976	3,639,770	2,040,900
-	-	-	-	-	-	-	-	568,176	-
-	-	-	-	-	-	-	-	(9,152)	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
218,998	9,001	1,159,618	237,325	168,541	-	-	15,976	4,198,794	2,040,900
\$ -	\$ (1)	\$ (36,237)	\$ 183,362	\$ -	\$ 30,144	\$ 20,000	\$ 21,212	\$ 218,478	\$ (218,478)

**STANISLAUS COUNCIL OF GOVERNMENTS
SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED JUNE 30, 2020**

Liability Coverage:

Personal Injury and Property Damage	\$ 2,000,000
Non-Owned and Hired Automobile Liability	\$ 2,000,000
Public Officials Errors and Omissions	\$ 2,000,000
Employment Practices Liability	\$ 2,000,000
Office Personal Property Insurance	\$ 694,766
Government Crime Insurance	\$ 1,000,000
Workers' Compensation Insurance	Statutory

**STANISLAUS COUNCIL OF GOVERNMENTS
SCHEDULE OF ALLOCATIONS AND EXPENDITURES -
LOCAL TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2020**

PUC Section	Purpose	Allocated/ Expended
99234	Pedestrian and Bicycle Facilities:	
	City of Modesto	\$ 184,975
Non-Motor	City of Oakdale	57,465
	City of Patterson	37,680
	City of Waterford	15,616
	Subtotal 99234	295,736
99260	Public Transportation:	
	City of Ceres	646,126
Transit	City of Modesto	7,250,412
	City of Turlock	3,098,010
	County of Stanislaus	7,419,765
	CTSA	758,714
	Subtotal 99260	19,173,027
99400	Other:	
	Undistributed	1,123,381
	Subtotal 99400	1,123,381
	Total	\$ 20,592,144

**STANISLAUS COUNCIL OF GOVERNMENTS
 SCHEDULE OF ALLOCATIONS AND EXPENDITURES -
 STATE TRANSIT ASSISTANCE FUND
 FOR THE YEAR ENDED JUNE 30, 2020**

PUC Section	Purpose	Allocated/ Expended
6730(a)	Public Transit:	
	Transit	<u>\$ 6,483,823</u>
	Total	<u>\$ 6,483,823</u>

**STANISLAUS COUNCIL OF GOVERNMENTS
 SCHEDULE OF ALLOCATIONS AND EXPENDITURES -
 STATE OF GOOD REPAIR
 FOR THE YEAR ENDED JUNE 30, 2020**

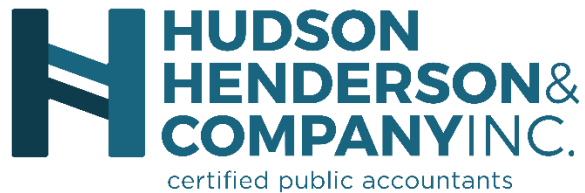
PUC Section	Purpose	Allocated/ Expended
	Public Transit:	
99313	Shelter Cleaning	\$ 328,402
99314	Transit	448,451
	Total	<u>\$ 776,853</u>

**STANISLAUS COUNCIL OF GOVERNMENTS
 EXPENDITURES BY MEASURE L REGIONAL PROJECT
 ADMINISTERED BY THE COUNCIL
 FOR THE YEAR ENDED JUNE 30, 2020**

Project Number	Project Name	Payee	Expenditures
101036	State Route 132 West	City of Modesto	\$ 12,039,630
8508	Service Rd./Mitchell Rd.	City of Ceres	1,613,546
	Total Regional Projects		<u>\$ 13,653,176</u>

STANISLAUS COUNCIL OF GOVERNMENTS

OTHER REPORTS



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH RULES AND REGULATIONS OF THE CALIFORNIA TRANSPORTATION DEVELOPMENT ACT AND THE PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)

To the Policy Board
Stanislaus Council of Governments

We have audited the financial statements of the Stanislaus Council of Governments for the year ended June 30, 2020, and have issued our report thereon dated January 7, 2021.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit was further made to determine compliance with the rules and regulations of the California Transportation Development Act and the California Administrative Code.

Compliance and Other Matters

Among the items considered were the determination of the Stanislaus Council of Governments' ability to receive funds allocated to it, the propriety of expenditures in accordance with the California Transportation Development Act, and compliance with provisions of the following program: Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA).

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by the statute PTMISEA. These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

During the year ended June 30, 2020, we verified that the Stanislaus Council of Governments received \$0 of additional PTMISEA funds and distributed \$0 of PTMISEA funds. These funds are held in an interest bearing account and have earned interest in the amount of \$303 for the year ended June 30, 2020. As of June 30, 2020, we verified that the Stanislaus Council of Governments had unexpended PTMISEA proceeds, including interest earned, of \$158,556.

Opinion

In our opinion, the results of our tests indicated the Stanislaus Council of Governments complied in all material respects with the provisions referred to above.

Purpose of this Report

This report is intended solely for the information and use of the Policy Board, the audit committee, management, others within the Stanislaus Council of Governments, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
January 7, 2021



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* AND THE *MEASURE L PROGRAM*

To the Policy Board
Stanislaus Council of Governments

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; and certain provisions of the Measure L: Local Road First Transportation Funding Measure (the *Measure L Program*), issued by the Stanislaus Council of Governments acting as the Stanislaus County Transportation Authority, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stanislaus Council of Governments (the Council), as of June 30, 2020 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated January 7, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and the *Measure L Program*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Our audit was further made to determine that Transportation Development Act (TDA) Funds were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6667 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, the *Measure L Program* or the TDA.

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*, the *Measure L Program* and the TDA 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
January 7, 2021

STANISLAUS COUNCIL OF GOVERNMENTS

SINGLE AUDIT REPORT



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Policy Board
Stanislaus Council of Governments

Report on Compliance for Each Major Federal Program

We have audited the Stanislaus Council of Governments' (the Council) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Compliance Supplement*) that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2020. The Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

HUDSON HENDERSON & COMPANY, INC.

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

Fresno, California
January 7, 2021

STANISLAUS COUNCIL OF GOVERNMENTS

FINDINGS AND RECOMMENDATIONS SECTION

**STANISLAUS COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? ___ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X No

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major federal programs:

- Material weakness identified? ___ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X No

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the Uniform Guidance? ___ Yes X No

Identification of major programs:

<u>CFDA #(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster

The threshold for distinguishing type A and B programs was \$750,000.

Auditee qualified as low-risk auditee? X Yes ___ No

**STANISLAUS COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no reportable financial statement findings to be reported in accordance with *Government Auditing Standards*.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings or questioned costs to be reported in accordance with the Uniform Guidance.

**STANISLAUS COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no reportable financial statement findings to be reported in accordance with *Government Auditing Standards*.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings or questioned costs to be reported in accordance with the Uniform Guidance.



January 11, 2021

To the Policy Board
Stanislaus Council of Governments

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Stanislaus Council of Governments (the Council) as of and for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 9, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Council are described in Note 1 to the financial statements. No new significant accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Council during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Council has no significant sensitive estimates affecting the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of employee retirement systems and pension plans in Note 8 to the financial statements. Analysis of these balances rely mostly on the actuarial evaluations obtained by management. The significance of the estimated future liabilities makes these sensitive disclosures for the users of the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 7, 2021.

Management Consultations with Other Independent Accountant

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Council's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Council's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to budgetary comparison information, schedule of Council's proportionate share of the net pension liability and the schedule of the Council's contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of Policy Board and management of the Stanislaus Council of Governments and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." The signature is written in a cursive, flowing style.

By: Brian Henderson, CPA