

**MENDOCINO COUNCIL OF GOVERNMENTS**

**UKIAH, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Mendocino Council of Governments  
Ukiah, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mendocino Council of Governments, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Mendocino Council of Governments' 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mendocino Council of Governments, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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 and budgetary comparison information on pages 3-7 and 25-30 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 opinions on the financial statements that collectively comprise Mendocino Council of Governments' basic financial statements. The supplementary information on pages 31-33 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedules on pages 34 and 35 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*R.J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
April 22, 2021

**Mendocino Council of Governments**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2020

This presents management's overview of the financial activities of Mendocino Council of Governments ("the Council") for Fiscal Year (FY) 2019/20, ended June 30, 2020. The discussion and analysis serves as an introduction to the Council's audited financials, which comprise the Council's official financial statements of record.

The required financial statements, required supplemental information, and additional supplemental information in the audit report are listed in the Table of Contents and described in the "Notes to Basic Financial Statements." All sections must be considered together to obtain a complete understanding of the financial picture of the Council and all funds held in trust by the Council.

### **Economic Trends**

For the Council's purposes, a major indicator is the sales tax. Actual revenue from the dedicated quarter-cent sales tax to the Local Transportation Fund (LTF) continued a trend of economic recovery since the Great Recession began in 2008. LTF revenues came in 6.67 percent above the budget estimate. Local sales tax revenues had been around \$3 million annually until the low point in 2009/10 of \$2.58 million. Since then annual revenues have grown steadily to \$4.1 million in FY 2019/20. The new estimate for 2021/22 is above \$4.5 million.

During FY 2019/20 the global pandemic took hold and began to affect the economy in various ways. Under the COVID-19 pandemic, revenue losses have heavily impacted fuel taxes, while sales taxes are up significantly. The public curtailed driving activity during 2020, reducing gasoline consumption. Shopping activity shifted, likely generating temporary spikes as well as moving away from traditional brick-and-mortar businesses. These changes became more apparent early in the following fiscal year as the taxes collected were processed through to local agencies, and statewide estimates were revised. The Council's management is encouraged by the stability and growth of sales tax revenues, the largest single source of Council funding.

Revenues that originate from gasoline taxes through federal and state funding sources had been trending downward until the Legislature addressed the statewide transportation funding crisis by passing Senate Bill 1, the Road Repair and Accountability Act. Signed into law in April 2017, SB 1 invests over \$5 billion a year in state and local transportation needs. The infusion of revenues from SB 1 had increased State Transit Assistance by over 150 percent since FY 2016/17, until the 2019/20 downturn. It is projected that 10-12 years from now, SB 1 revenues will level off as vehicles become more fuel efficient and transition to electricity. For the future, alternative revenue streams are being tested, notably the California Road Charge Pilot completed in 2017, and a subsequent 2021 road charge project that will test several technologies for payment systems.

Grants and other revenue sources available to the Council have remained stable or increased. SB 1 programs have benefited local member agencies. Planning grants have continued to be active over the past several years, as management has consistently delivered grant products and helped to secure new grants that benefit the Council's membership and the region. In 2019/20 the Council's transportation planning program completed a technical study in response to new environmental requirements and a countywide fire vulnerability assessment with evacuation preparedness plan.

Net position has long been in the range of \$1.5 million in Governmental funds and \$3.5 million in Fiduciary funds. As large projects such as the SAFE call box program have been completed, in 2020 the Governmental net position was down to about \$500,000 and fiduciary funds at approximately \$5 million.

**Mendocino Council of Governments**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2020

The Council's management will continue to carefully monitor expenditures and remain committed to sound fiscal practices so as to deliver the highest quality of service to the citizens of the countywide region.

**Fund Classifications**

In all, the Council manages 15 separate fund accounts held in trust by the County of Mendocino as specified by the Council's Joint Powers Agreement (and partly by state law). The audit report classifies them as either Governmental Funds or Fiduciary Funds. These are presented separately in the statements. The reader will find more detailed descriptions of these funds and accounting policies in the Notes section prepared by the independent auditor.

The Governmental Funds, also known as Special Revenue Funds, provide the operational revenues that pay for the Council's services, which are Administration, the Transportation Planning Overall Work Program (OWP), and Mendocino Service Authority for Freeway Emergencies (SAFE). These services are supported by specific program revenues from apportionments and grants made through the State of California Department of Transportation (Caltrans) and California Transportation Commission (CTC), from program allocations made by the Council for the countywide region, and from vehicle registration fees collected by the California Department of Motor Vehicles. These nine Governmental or Special Revenue Funds account for most of the Council's activities and major funds are presented individually with their budgets under Supplemental Information.

The Fiduciary Funds are those held in trust for allocation to Council activities and to other entities for which the Council acts as an agent. These are in two categories: 1) Expendable Trust and 2) Agency Funds. Fiduciary Fund activity is detailed under Supplemental Information representing these six funds: LTF, STA, RSTP, LTF Bicycle & Pedestrian fund and two Reserves.

The Expendable Trust funds are:

- The Transportation Development Act (TDA) mandated funds, which consist of the Local Transportation Fund (LTF), from the quarter-cent transportation sales tax collected in county, and State Transit Assistance (STA), from statewide taxes on diesel fuel and gasoline; and
- The Surface Transportation Block Grant (STBG) Program (formerly known as Regional Surface Transportation Program or RSTP) is funded by the federal transportation authorizing legislation, and the Council typically opts to exchange these funds for more flexible State Highway Account funds. The Council has authority to allocate the entire STBG Mendocino County apportionment for regional transportation uses, not necessarily to other units of government. The Council's long-standing policy is to allocate most, but not all, of the STBG/RSTP revenues to its member governments by formula. The Council maintains a Partnership Funding Program for projects of regional significance. Additionally, a portion is set aside for a Regional Project Manager providing Local Assistance, with a small fund supporting local direct costs.

There are two Agency Funds (refer to Council policy):

- The LTF-derived Capital Reserve Fund, which is set aside for claiming by Mendocino Transit Authority (MTA) based on their Five-Year Capital Program of infrastructure and vehicle replacement, as allowed under TDA statutes; and

**Mendocino Council of Governments**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2020

- The Council's LTF Reserve Fund, which is meant to fulfill transit operating allocations in the event budget estimates do not materialize as actual tax revenues, or to provide for extraordinary operating costs, for the benefit of Mendocino Transit Authority.

The Council's fiduciary LTF Two Percent Bicycle & Pedestrian Program fund is considered "due to" the original Local Transportation Fund (LTF), the Expendable Trust fund from which the program revenues were allocated. The cash balances of both Reserve funds also are considered "due to" the LTF fund, detailed on Page 31.

**Capital Assets & Long-Term Liabilities**

In the Council's case, the only capital assets are the SAFE program's motorist aid call boxes and associated computer equipment, which are represented separately from the SAFE fund in the Statement of Net Position and further detailed in Note 4 – Capital Assets. Typically items less than \$5,000 in value are expensed in the current year, not capitalized, as advised by the independent CPA auditor. A formal policy for these capital assets is yet to be adopted by the Council.

The Council does not engage in debt financing to fund its operations or programs, and so does not have any long-term liabilities.

**Analysis of Governmental Funds**

Special Revenue Funds revenue was \$1,414,470, a decrease of \$235,784 (14.3%) compared to the previous fiscal year, mainly due to variable levels of state aid. Expenditures were \$1,558,448, a decrease of \$188,988 (10.8%). Table 1 shows the Net Position of the Special Revenue Funds compared to FY 2018/19.

Table 1  
Governmental Net Position at June 30

	2020	2019	Change
Current assets	\$ 859,676	\$ 858,828	\$ 848
Capital assets, net of depreciation	77,506	187,133	(109,627)
Total assets	937,182	1,045,961	(108,779)
Current liabilities	341,916	341,707	209
Total liabilities	341,916	341,707	209
Net position			
Invested in capital assets	77,506	187,133	(109,627)
Restricted	517,760	517,121	639
Total net position	\$ 595,266	\$ 704,254	\$ (108,988)



**Mendocino Council of Governments**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2020

Net position comprised the following:

- Cash and investments of \$632,448 in the County of Mendocino Treasury;
- Current receivables, including reimbursements, grants, and apportionments, totaling \$227,228;
- Current liabilities, including accounts payable, claims, and other amounts due currently, totaling \$208,452;
- Inter-fund operating transfers, due to Expendable Trust funds, of \$133,464;
- Depreciated capital assets of \$77,506. (*refer to Page 22*)

The Council does not have any Governmental assets considered to be unrestricted that can be used to finance day-to-day operations without constraints established by legal requirements. Each of these funds is segregated by its intended use for the particular revenues and is considered restricted to those uses. In August 2015, the Council adopted fiscal policies in compliance with Governmental Accounting Standards Board (GASB) Statement No. 54, detailing fund balance classifications within the restrictions as defined.

#### Administration

The Council allocated \$464,066 from the Local Transportation Fund for administration of all the Council's activities, including the sixth year of a contract effective October 1, 2014 as a result of the Council's procurement for Administrative & Fiscal Services, with a scheduled inflation increase of 3.69 percent. This budget had remained at the same level for five successive fiscal years, an indication of management's careful use of public monies and efforts to contain costs. The cost increased in FY 2014/15 due to efficiencies lost by the separation of administration and planning contractors. Most of the Administration budget is allocated to the contract for administrative staffing, office and equipment, with the remainder to direct costs. The budget for Direct Costs remained between \$50,000 and \$60,000, consistent with the previous five years.

#### Planning

Over the past five years, the Transportation Planning Overall Work Program (OWP) budget has averaged \$1.6 million annually (refer to the Governmental Funds for sources). In FY 2015/16, this had increased to \$2,047,233 due to a multi-year Active Transportation Program grant of up to \$1 million. By FY 2019/20, the budget had decreased to \$1.13 million as projects were implemented. The OWP funded 15 project work elements that benefited the five member agencies, Mendocino Transit Authority, and Caltrans.

#### SAFE Program

The Mendocino SAFE motorist aid call box program has completed 141 installations. The adopted Five-Year Strategic & Financial Plan budgets for revenue and expenditures. Revenues have been consistently in the range of \$100,000 annually from vehicle registration fees countywide. A series of technical and legal issues delayed implementation over several years of system development. The cash fund balance had accumulated nearly \$1 million in 2013; this was reduced as expenditures were made to implement the SAFE Plan during FY 2013/14 through 2016/17. The plan was fully implemented on state highways in FY 2017/18. (Options are available to install on certain county roads.) A new five-year plan was adopted in March 2017 to reflect operation and maintenance of the system. Mendocino SAFE operates 45 boxes using satellite technology, as the first in the nation to test and demonstrate early adoption of equipment for use in remote areas where little or no cellular reception is available. The other 96 call boxes have cellular service. The current effort in progress is responding to cellular network changes by the service operator.

Mendocino Council of Governments  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2020

Table 2  
Changes in Governmental Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>
<u>Expenses</u>			
Planning and administration	\$ 1,532,485	\$ 1,747,436	\$ (214,951)
Total expenses	<u>1,532,485</u>	<u>1,747,436</u>	<u>(214,951)</u>
<u>Revenues</u>			
Program revenues:			
Local Transportation Funds	611,882	590,260	21,622
DMV Fees	106,621	107,131	(510)
Aid from State Governments	<u>695,967</u>	<u>952,863</u>	<u>(256,896)</u>
Total program revenues	<u>1,414,470</u>	<u>1,650,254</u>	<u>(235,784)</u>
General revenues:			
Use of money and property	<u>8,850</u>	<u>7,998</u>	<u>852</u>
Total general revenues	<u>8,850</u>	<u>7,998</u>	<u>852</u>
Total revenues	<u>1,423,320</u>	<u>1,658,252</u>	<u>(234,932)</u>
Change in net position	<u>\$ (109,165)</u>	<u>\$ (89,184)</u>	<u>\$ (19,981)</u>

**Contacting the Council's Financial Management**

This annual financial report is intended to provide citizens, taxpayers, member local governments, and funding agencies with a general overview of finances under the Council's authority. Please direct any questions about this report to Mendocino Council of Governments, Attn. Administration, 525 South Main St., Suite B, Ukiah, CA 95482. Further contact information is available at the Council's website: [www.mendocinocog.org](http://www.mendocinocog.org).

Prepared by Janet M. Orth, Deputy Director & CFO

Mendocino Council of Governments  
STATEMENT OF NET POSITION

June 30, 2020

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 632,448
Accounts receivable	227,228
Capital assets, net of accumulated depreciation	<u>77,506</u>
 Total assets	 <u>937,182</u>
 <u>LIABILITIES AND NET POSITION</u>	
Liabilities:	
Accounts payable	208,452
Due to fiduciary funds	<u>133,464</u>
 Total liabilities	 <u>341,916</u>
 Net position:	
Invested in capital assets	77,506
Restricted	<u>517,760</u>
 Total net position	 <u>\$ 595,266</u>

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

Mendocino Council of Governments  
STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
Planning and administration	\$ 1,532,485	\$ -	\$ 1,414,470	\$ (118,015)
Total governmental activities	<u>\$ 1,532,485</u>	<u>\$ -</u>	<u>\$ 1,414,470</u>	<u>(118,015)</u>
General revenues:				
Use of money and property				<u>8,850</u>
Total general revenues				<u>8,850</u>
Change in net position				(109,165)
Net position beginning				<u>704,431</u>
Net position ending				<u>\$ 595,266</u>

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

Mendocino Council of Governments  
GOVERNMENTAL FUNDS - BALANCE SHEET  
Special Revenue Funds  
June 30, 2020

	Local Planning	PPM	RPA State Planning	SAFE	Admin	State Grants	Special Planning Projects	Infrastructure Grant	Federal Planning	Total
<u>ASSETS</u>										
Current assets:										
Cash and investments	\$ 136,422	\$ 190,010	\$ -	\$ 191,137	\$ 110,505	\$ -	\$ 671	\$ 3,536	\$ 167	\$ 632,448
Accounts receivable	-	-	144,256	-	-	82,972	-	-	-	227,228
Due from other funds	-	-	-	-	-	26,010	-	-	-	26,010
Total assets	<u>\$ 136,422</u>	<u>\$ 190,010</u>	<u>\$ 144,256</u>	<u>\$ 191,137</u>	<u>\$ 110,505</u>	<u>\$ 108,982</u>	<u>\$ 671</u>	<u>\$ 3,536</u>	<u>\$ 167</u>	<u>\$ 885,686</u>
<u>LIABILITIES AND FUND BALANCE</u>										
Liabilities:										
Due to fiduciary funds	\$ -	\$ -	\$ 119,883	\$ -	\$ -	\$ 39,591	\$ -	\$ -	\$ -	\$ 159,474
Accounts payable	13,258	37,904	24,373	24,804	38,048	69,426	-	639	-	208,452
Total liabilities	<u>13,258</u>	<u>37,904</u>	<u>144,256</u>	<u>24,804</u>	<u>38,048</u>	<u>109,017</u>	<u>-</u>	<u>639</u>	<u>-</u>	<u>367,926</u>
Fund balances:										
Restricted	123,164	152,106	-	166,333	72,457	(35)	671	2,897	167	517,760
Total fund balances	<u>123,164</u>	<u>152,106</u>	<u>-</u>	<u>166,333</u>	<u>72,457</u>	<u>(35)</u>	<u>671</u>	<u>2,897</u>	<u>167</u>	<u>517,760</u>
Total liabilities and fund balances	<u>\$ 136,422</u>	<u>\$ 190,010</u>	<u>\$ 144,256</u>	<u>\$ 191,137</u>	<u>\$ 110,505</u>	<u>\$ 108,982</u>	<u>\$ 671</u>	<u>\$ 3,536</u>	<u>\$ 167</u>	<u>\$ 885,686</u>

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

Mendocino Council of Governments  
Reconciliation of the  
GOVERNMENTAL FUNDS - BALANCE SHEET  
with the Governmental Activities  
STATEMENT OF NET POSITION  
For the Fiscal Year Ended June 30, 2020

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 517,760

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

Capital Assets

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.

77,506

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 595,266

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

Mendocino Council of Governments  
GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES

Special Revenue Funds  
For the Year Ended June 30, 2020

	Local Planning	PPM	RPA State Planning	SAFE	Admin.	State Grants	Special Planning Projects	Infrastructure Grant	Federal Planning	Total
Revenues:										
Local transportation fund	\$ 147,816	\$ -	\$ -	\$ -	\$ 464,066	\$ -	\$ -	\$ -	\$ -	\$ 611,882
Aid from state governments	-	90,000	272,687	-	-	333,280	-	-	-	695,967
DMV Fees	-	-	-	106,621	-	-	-	-	-	106,621
Interest and other income	1,861	2,926	-	2,785	1,264	-	12	-	2	8,850
Total revenues	<u>149,677</u>	<u>92,926</u>	<u>272,687</u>	<u>109,406</u>	<u>465,330</u>	<u>333,280</u>	<u>12</u>	<u>-</u>	<u>2</u>	<u>1,423,320</u>
Expenditures:										
Services and supplies	132,113	98,260	272,688	102,214	476,962	333,315	-	7,305	-	1,422,857
Total expenditures	<u>132,113</u>	<u>98,260</u>	<u>272,688</u>	<u>102,214</u>	<u>476,962</u>	<u>333,315</u>	<u>-</u>	<u>7,305</u>	<u>-</u>	<u>1,422,857</u>
Excess (deficiency) of revenues over (under) expenditures	17,564	(5,334)	(1)	7,192	(11,632)	(35)	12	(7,305)	2	463
Fund balances beginning of period	105,600	157,440	1	159,141	84,089	-	659	10,202	165	517,297
Fund balances at end of period	<u>\$ 123,164</u>	<u>\$ 152,106</u>	<u>\$ -</u>	<u>\$ 166,333</u>	<u>\$ 72,457</u>	<u>\$ (35)</u>	<u>\$ 671</u>	<u>\$ 2,897</u>	<u>\$ 167</u>	<u>\$ 517,760</u>

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

Mendocino Council of Governments  
 Reconciliation of the  
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  
 with the  
STATEMENT OF ACTIVITIES  
 For the Fiscal Year Ended June 30, 2020

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	463
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Amounts reported for governmental activities in the Statement of Activities are different because:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense:

The capital outlay expenditures are therefore added back to fund balance		-
Depreciation expense is deducted from the fund balance		(109,628)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	(109,165)
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The accompanying notes are an integral part of these financial statements.



Mendocino Council of Governments  
STATEMENT OF FIDUCIARY NET POSITION

Fiduciary Funds  
 June 30, 2020

	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and investments	\$ 2,822,359	\$ 977,584
Accounts receivable	1,823,534	-
Due from other funds	<u>1,111,047</u>	<u>133,463</u>
Total assets	<u>5,756,940</u>	<u>\$ 1,111,047</u>
<u>LIABILITIES</u>		
Liabilities:		
Accounts payable	594,873	\$ -
Due to other funds	<u>-</u>	<u>1,111,047</u>
Total liabilities	<u>594,873</u>	<u>\$ 1,111,047</u>
<u>NET POSITION</u>		
Held in trust	<u>5,162,067</u>	
Total net position	<u>\$ 5,162,067</u>	

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

Mendocino Council of Governments  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 Fiduciary Funds  
 For the Year Ended June 30, 2020

	Private Purpose Trust
Revenue:	
Taxes	\$ 5,845,200
Allocations	84,926
Interest	56,810
Total revenue	5,986,936
Expenditures:	
Administration, planning, bicycle & pedestrian	762,537
Capital projects	-
Local allocations and project awards	1,770,395
Senior operations	555,499
MTA reserves	-
MTA operations	3,939,303
Total expenditures	7,027,734
Change in net position	(1,040,798)
Net position, beginning of period	6,202,865
Net position, end of period	\$ 5,162,067

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

Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 - REPORTING ENTITY

Mendocino Council of Governments (the Council) was created pursuant to a joint powers agreement between the County of Mendocino and the Cities of Fort Bragg, Point Arena, Ukiah and Willits, as a Regional Transportation Planning Agency to provide regional transportation planning activities for the area of Mendocino County. The Council is also responsible for the administration of the Transportation Development Act Funds (Local Transportation and State Transit Assistance Fund) that were created under the State Transportation Development Act (TDA). The Council does not exercise control over any other governmental agency or authority. Criteria used in determining the reportable entity was based on control or dependence determined on the basis of budget adoption, funding, and appointment of the respective governing board.

In 1994, the Council's governing board established the Service Authority for Freeway Emergencies (SAFE) within its authority and includes SAFE in its reporting entity. The Council's Board has direct control over the activities of the SAFE Board.

Dow & Associates and Davey-Bates Consulting (DBC) were hired under a thorough procurement process resulting in two new, separate five-year contracts starting October 1, 2014. Dow & Associates services include administration and other support, such as grant writing assistance, local assistance to member agencies and project development. DBC provides transportation planning services and related support. Dow & Associates has worked with the Council for more than 30 years. DBC comprises staff members previously employed by Dow & Associates, providing continuity to the Council.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Council conform to U.S. generally accepted accounting principles and are applicable to governments. The following is a summary of the significant policies:

A. Basis of Presentation

The Council's basic financial statements are prepared in conformity with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A. These standards require that the financial statements described below be presented.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Council. These statements include the financial activities of the overall Council, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Council and for each function of the Council's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation (continued)

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs; (b) grants and contributions that are restricted to meeting the operational needs of a particular program; and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The Council's financial statements reflect only its own activities; it has no component units (other government units overseen by the Council).

Fund Financial Statements

Fund Financial Statements of the Council are organized into funds, each of which is considered to be a separate accounting entity. Special Revenue Fund operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (or expenses) as appropriate. The Council's resources are accounted for based on the purposes for which they are to be spent and the means by which spending activities are controlled. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the Council or meets the following criteria:

Total assets, liabilities, revenues or expenditures (or expenses) of the individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

Governmental Funds

Local Planning Fund: This fund accounts for local planning work elements. The major revenue source for this fund is Local Transportation Funds and interest income. Expenditures are made for local planning projects.

PPM Fund: This fund accounts for state transportation improvement planning, programming and monitoring projects. The major revenue source for this fund are state grants. Expenditures are made for state and regional transportation improvement projects.

RPA State Planning Fund: This fund accounts for Rural Planning Assistance (RPA) provided by the State for mandated transportation planning projects. The major revenue source for this fund are state grants. Expenditures are made for regional planning projects.

SAFE: This fund accounts for Service Authority for Freeway Emergencies. The major revenue source for this fund are state vehicle license fees. Expenditures are made for administration, operations and capital programs.

Administration Fund: This is one of the operating funds of the Council. The major revenue source for this fund are Local Transportation Funds. Expenditures are made for administration.

State Grants Fund: This fund accounts for transportation planning projects. The major revenue source for this fund are state grants. Expenditures are made for state, regional and local planning projects.

Federal Planning Fund: This fund accounts for transportation planning projects. The major revenue source for this fund are federal grants. Expenditures are made for state, regional and local planning projects.

Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation (concluded)

Special Planning Projects Fund: This fund was originally established to account for allocations from the Regional Surface Transportation Program (RSTP) fund to the Council's transportation planning program. The Council has revised its RSTP policies so that there are no further allocations for planning activities. For the fiscal year ended June 30, 2012, the fund balance consisted of unspent residual amounts and accumulated interest earnings. Beginning in the fiscal year ended June 30, 2013, the fund was used to pass through revenues from a Safe Routes to School state grant program administered on behalf of the County of Mendocino. In the fiscal year ended June 30, 2015 and June 30, 2016, the fund was used to pass through revenues from a state-funded interregional project, the Northwest California Alternative Fuels Readiness Plan. In the fiscal year ended June 30, 2018, the fund was used to pass through revenues from another state-funded interregional project, the North Coast & Upstate Fuel Cell Vehicle Readiness Plan.

Infrastructure Grant Fund: This fund accounts for the design and construction of a multi-use trail in Round Valley.

B. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when "measurable and available." The Council considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as *expenditures* in governmental funds.

Those revenues susceptible to accrual are LTF Claims, grants and interest revenue. Charges for services are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the Council gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Council may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The Council's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

C. Budgets

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for Special Revenue Funds.

Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgets (concluded)

*Special Revenue Funds* - The Council annually adopts a budget for administration, planning, and SAFE. The various planning funds are budgeted through the preparation of the transportation planning overall work program (OWP). This work program describes the projects, or work elements, that are to be funded and the types of funds that will pay for the expenditures, such as Local Transportation, Rural Planning Assistance, State grants, and Federal Transit Administration (FTA) grants. The work program, in draft form, is prepared by Davey-Bates Consulting; reviewed and recommended by the Technical Advisory Committee; submitted for comment to the State of California, Department of Transportation (Caltrans) in March; approved by the Council in June; and the final work program is submitted to Caltrans by June 30. Caltrans, as the grantor of all state and federal planning funds, approves the work program, which then becomes part of the budget for operating funds of the Council. The Mendocino Service Authority for Freeway Emergencies (SAFE) agency separately approves a budget for its motorist aid call box program in a five-year plan.

*Expendable Trust Funds* - There are four expendable trust funds, the Local Transportation Fund (LTF), the State Transit Assistance Fund (STA), the Surface Transportation Block Grant Program Fund (STBG) and State of Good Repair Program. The LTF funds are available for transit, pedestrian and bicycle, administration of the Regional Transportation Planning Agency, transportation planning, and streets and roads. The STA funds are available for transit purposes. The eligible recipients are the Council, the County of Mendocino, the Cities of Fort Bragg, Point Arena, Ukiah and Willits, and Mendocino Transit Authority.

The process for delivering the LTF and STA funds to the various recipients is as follows:

- The Mendocino County Auditor-Controller estimates the amount of funds to be available in the LTF and notifies the Council by February 1 of each year.
- The Council determines how much funding it will need for the planning work program and administration of the Transportation Development Act (TDA), as well as how much of the funds will be reserved for pedestrian and bicycle facilities. The Council then determines the split of LTF funds between the County and the Cities based upon the population amounts provided by the State of California Department of Finance. Each recipient is then notified of the amount of LTF funds available in its area of apportionment (apportionment being the process of dividing the funds based upon population). Mendocino Transit Authority then submits a claim for LTF funds as a joint power of eligible claimants, with transit needs required to be met before any streets and roads funds can be claimed.
- The Council acts upon the one annual transit claim, adopting resolutions, and preparing allocation instructions that notify the recipient of the funds approved, and notifies the Mendocino County Auditor-Controller of what expenditures are approved, and when they are to be paid.

The STA process is similar, except that the estimate is made by the State of California Controller's Office, and the funds cannot be used for administration, streets and roads, or pedestrian and bicycle facilities. Mendocino Transit Authority is the only eligible claimant.

Mendocino Transit Authority applies directly to California Department of Transportation for State of Good Repair funding of projects, which the Council reviews and approves for release of funds from its account.

Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

D. Fiduciary Fund Types

These funds account for assets held by the Council as a trustee or agent for other units of government. Private purpose trust funds are used by the Council for the following purposes:

*Local Transportation Fund (LTF)* - This fund is utilized by the Council, as trustee, to receive the 1/4 of 1% retail sales tax that is returned to each county by the State Board of Equalization. These funds are apportioned and allocated by the Council to eligible claimants for transit, transportation planning, and for administration of the TDA. While it is legal to allocate LTF funds for street and road purposes under certain conditions, the Council has adopted a Local Transportation reserve fund policy that precludes any street and roads allocations.

*State Transit Assistance Fund (STA)* - This fund is utilized by the Council, as trustee, to receive tax derived from statewide sales of diesel fuel and excise tax on gasoline. Each county receives its share of these funds based upon a population and operator revenue formula. These funds are allocated by the Council to transit operators. Also received in the fund are State of Good Repair revenues from Senate Bill 1 for eligible transit operators.

*Local Transportation Reserve Fund (LTRF)* - This fund is utilized by the Council, as trustee, to account for excess Local Transportation Funds that have not been allocated for a specific purpose. According to the Council's adopted policy, the minimum balance shall be established at the larger of \$100,000 or five percent of the Mendocino County Auditor's official LTF estimate for the next fiscal year, and the excess will be rolled into the upcoming fiscal year's LTF budget estimate for immediate allocation. This fund is to be used for LTF revenue shortfalls and for existing approved services or programs provided by Mendocino Transit Authority.

*Surface Transportation Block Grant (STBG)* - This fund is utilized by the Council, as trustee, to receive federal gas tax revenues passed through the State of California. The Council has elected to exchange almost all STBG funds for State funds in current and prior years. These funds are used for the Council's Partnership Program, local assistance and transportation projects that improve and maintain streets, roads and highways in Mendocino County. The programmatic component breakdown for the net position held in trust is as follows:

- Partnership Funding Program - \$778,094
- Local Assistance - \$229,846
- Formula Distribution - \$1,416,386
- Unassigned - \$154,871
- Total at June 30, 2020: \$2,579,197

*Capital Replacement Reserve Fund* - This fund is utilized by the Council for transit capital equipment and facilities equipment, consistent with a five-year capital plan as allowed by TDA.

E. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles, and as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those amounts.

Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2020

NOTE 3 - CASH AND INVESTMENTS

The Council maintains a cash and investment pool with the County of Mendocino. The County of Mendocino allocates interest to the various funds based upon the average monthly cash balances. The Council's cash on deposit with the Mendocino County Treasury at June 30, 2020 was \$632,448 reported in governmental activity type funds and \$3,799,943 reported in fiduciary type funds.

Credit Risk, Carrying Amount and Market Value of Investments

The Council maintains specific cash deposits with the County of Mendocino (the County) and involuntarily participates in the external investment pool of the County. The County is restricted by state code in the types of investments it can make. Furthermore, the County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than state code as to terms of maturity and type of investment. Also, the County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134. The County's investment policy authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool. At June 30, 2020, the Council's cash with the County Treasurer is stated at fair value. However, the value of the pool shares in the County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Council's position in the pool.

Credit Risk - Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2020 are provided by Standard and Poor's except as noted. None of the Council investment types are rated.

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Council categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs - other than quoted prices included within level 1 - that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The following is a summary of the fair value hierarchy of the fair value of investments of the Council as of June 30, 2020:

<u>Investment Type</u>	<u>Level 2</u>	<u>Exempt</u>	<u>Total</u>
Mendocino County Treasurer's Pool	\$ -	\$ 4,432,391	\$ 4,432,391
Total cash and investments	<u>\$ -</u>	<u>\$ 4,432,391</u>	<u>\$ 4,432,391</u>





Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 6 - CONTINGENCIES

The Council is a defendant in a lawsuit related to a California Environmental Quality Act transportation project. The outcome of the lawsuit cannot be presently determined. The Council receives revenue from Federal, State and Local agencies that have requirements to be followed when expending these revenues. If the requirements are not followed, the unauthorized expenditures would be a liability to be refunded to the appropriate agency.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, have declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to the Council's operations includes restrictions on employees' and volunteers' ability to work, and it is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.

NOTE 7 - NET POSITION AND FUND BALANCE

GASB Statement No. 54 added the concept of Net Position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis. On August 31, 2015 the Council adopted by resolution its fiscal policies in compliance with GASB 54.

The Statement of Net Position breaks out net position as follows: *Restricted* describes the portion of Net Position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that the Council cannot unilaterally alter. *Unrestricted* describes the portion of Net Position that is not restricted from use. The Council has only Restricted funds under its authority.

*Invested in Capital Assets, net of related debt*, describes the portion of Net Position that is represented by the current net book value of the Council's capital assets, less the outstanding balance of any debt issued to finance these assets.

The accompanying basic financial statements reflect certain changes that have been made with respect to the reporting of the components of Fund Balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below. In the fund financial statements, governmental fund balances are reported in the following classifications:

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 7 - NET POSITION AND FUND BALANCE (concluded)

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision-making authority. The Board of Directors serves as the Council's highest level of decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by the Council for specific purposes, subject to change, as established either directly by the Board of Directors or by management officials to whom assignment authority has been delegated by the Board of Directors.

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

Mendocino Council of Governments  
 Local Planning Fund  
SCHEDULE OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
 Budget to Actual  
 For the Year Ended June 30, 2020  
 (UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Local transportation fund	\$ 160,700	\$ 200,982	\$ 147,816	\$ (53,166)
Interest	<u>-</u>	<u>-</u>	<u>1,861</u>	<u>1,861</u>
Total revenue	<u>160,700</u>	<u>200,982</u>	<u>149,677</u>	<u>(51,305)</u>
 Expenditures:				
Service and supplies	<u>160,700</u>	<u>200,982</u>	<u>132,113</u>	<u>68,869</u>
Total expenditures	<u>160,700</u>	<u>200,982</u>	<u>132,113</u>	<u>68,869</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	17,564	<u>\$ 17,564</u>
Fund balance, beginning of period			<u>105,600</u>	
Fund balance, end of period			<u>\$ 123,164</u>	

Mendocino Council of Governments  
 PPM Fund  
SCHEDULE OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
 Budget to Actual  
 For the Year Ended June 30, 2020  
 (UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Aid from state governments	\$ 166,361	\$ 242,445	\$ 90,000	\$ (152,445)
Interest	<u>-</u>	<u>-</u>	<u>2,926</u>	<u>2,926</u>
Total revenue	<u>166,361</u>	<u>242,445</u>	<u>92,926</u>	<u>(149,519)</u>
Expenditures:				
Service and supplies	<u>166,361</u>	<u>242,445</u>	<u>98,260</u>	<u>144,185</u>
Total expenditures	<u>166,361</u>	<u>242,445</u>	<u>98,260</u>	<u>144,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(5,334)	<u>\$ (5,334)</u>
Fund balance, beginning of period			<u>157,440</u>	
Fund balance, end of period			<u>\$ 152,106</u>	

Mendocino Council of Governments  
RPA State Planning  
SCHEDULE OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
Budget to Actual  
For the Year Ended June 30, 2020  
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Aid from state governments	\$ 294,000	\$ 322,314	\$ 272,687	\$ (49,627)
Interest and other income	-	-	-	-
Total revenue	<u>294,000</u>	<u>322,314</u>	<u>272,687</u>	<u>(49,627)</u>
Expenditures:				
Service and supplies	<u>294,000</u>	<u>322,314</u>	<u>272,688</u>	<u>49,626</u>
Total expenditures	<u>294,000</u>	<u>322,314</u>	<u>272,688</u>	<u>49,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
Other financing sources (uses):				
Transfers in				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(1)</u>	<u>\$ (1)</u>
Fund balance, beginning of period			<u>1</u>	
Fund balance, end of period			<u>\$ -</u>	

Mendocino Council of Governments  
SAFE  
SCHEDULE OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
Budget to Actual  
For the Year Ended June 30, 2020  
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
DMV Fees	\$ 105,000	\$ 259,633	\$ 106,621	\$ (153,012)
Interest	<u>1,418</u>	<u>1,418</u>	<u>2,785</u>	<u>1,367</u>
Total revenue	<u>106,418</u>	<u>261,051</u>	<u>109,406</u>	<u>(151,645)</u>
Expenditures:				
Service and supplies	<u>122,200</u>	<u>130,241</u>	<u>102,214</u>	<u>28,027</u>
Total expenditures	<u>122,200</u>	<u>130,241</u>	<u>102,214</u>	<u>28,027</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (15,782)</u>	<u>\$ 130,810</u>	7,192	<u>\$ (123,618)</u>
Fund balance, beginning of period			<u>159,141</u>	
Fund balance, end of period			<u>\$ 166,333</u>	

Mendocino Council of Governments  
Administration  
SCHEDULE OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
Budget to Actual  
For the Year Ended June 30, 2020  
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Local transportation fund	\$ 464,066	\$ 464,066	\$ 464,066	\$ -
Interest	<u>-</u>	<u>-</u>	<u>1,264</u>	<u>1,264</u>
Total revenue	<u>464,066</u>	<u>464,066</u>	<u>465,330</u>	<u>1,264</u>
 Expenditures:				
Service and supplies	<u>464,066</u>	<u>464,066</u>	<u>476,962</u>	<u>(12,896)</u>
Total expenditures	<u>464,066</u>	<u>464,066</u>	<u>476,962</u>	<u>(12,896)</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(11,632)	<u>\$ (11,632)</u>
Fund balance, beginning of period			<u>84,089</u>	
 Fund balance, end of period			<u>\$ 72,457</u>	



Mendocino Council of Governments  
State Grants  
SCHEDULE OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
Budget to Actual  
For the Year Ended June 30, 2020  
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Aid from state governments	\$ 368,285	\$ 367,400	\$ 333,280	\$ (34,120)
Total revenue	<u>368,285</u>	<u>367,400</u>	<u>333,280</u>	<u>(34,120)</u>
Expenditures:				
Service and supplies	368,285	367,400	333,315	34,085
Total expenditures	<u>368,285</u>	<u>367,400</u>	<u>333,315</u>	<u>34,085</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(35)</u>	<u>(35)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(35)	<u>\$ (35)</u>
Fund balance, beginning of period			<u>-</u>	
Fund balance, end of period			<u>\$ (35)</u>	

Mendocino Council of Governments  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 Fiduciary Fund Types  
 For the Year Ended June 30, 2020

	Private Purpose Trust					
	Local Transportation Fund	Local Bicycle & Pedestrian Fund	State of Good Repair Fund	State Transit Assistance Fund	Surface Transportation Block Grant Program Fund	Totals
<u>ASSETS</u>						
Current assets:						
Cash and investments	\$ 5,024	\$ 144,128	\$ 366,801	\$ 376,895	\$ 1,929,511	\$ 2,822,359
Accounts receivable	800,282	-	22,659	204,099	796,494	1,823,534
Due from other funds	<u>1,111,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,111,047</u>
Total assets	<u>1,916,353</u>	<u>144,128</u>	<u>389,460</u>	<u>580,994</u>	<u>2,726,005</u>	<u>5,756,940</u>
 <u>LIABILITIES AND NET POSITION</u>						
Liabilities:						
Accounts payable	<u>115,236</u>	<u>96,284</u>	<u>-</u>	<u>236,545</u>	<u>146,808</u>	<u>594,873</u>
Total liabilities	<u>115,236</u>	<u>96,284</u>	<u>-</u>	<u>236,545</u>	<u>146,808</u>	<u>594,873</u>
 <u>NET POSITION</u>						
Held in Trust	<u>1,801,117</u>	<u>47,844</u>	<u>389,460</u>	<u>344,449</u>	<u>2,579,197</u>	<u>5,162,067</u>
Total net position	<u>\$ 1,801,117</u>	<u>\$ 47,844</u>	<u>\$ 389,460</u>	<u>\$ 344,449</u>	<u>\$ 2,579,197</u>	<u>\$ 5,162,067</u>

Mendocino Council of Governments  
COMBINING STATEMENT OF CHANGES  
IN FIDUCIARY NET POSITION  
 Fiduciary Fund Types  
 For the Year Ended June 30, 2020

	<u>Private Purpose Trust</u>					<u>Total</u>
	<u>Local Transportation Fund</u>	<u>Local Bicycle &amp; Pedestrian Fund</u>	<u>State of Good Repair Fund</u>	<u>State Transit Assistance Fund</u>	<u>Surface Transportation Block Grant Program Fund</u>	
Revenue:						
Taxes	\$ 4,109,625	\$ -	\$ 131,279	\$ 807,802	\$ 796,494	\$ 5,845,200
Allocations	17,154	67,772	-	-	-	84,926
Interest	8,399	1,895	-	7,983	38,533	56,810
Total revenue	<u>4,135,178</u>	<u>69,667</u>	<u>131,279</u>	<u>815,785</u>	<u>835,027</u>	<u>5,986,936</u>
Expenditures:						
Administration, planning, bicycle & pedestrian	679,655	-	-	-	82,882	762,537
Capital projects	-	-	-	-	-	-
Local allocations and project awards	-	96,284	-	-	1,674,111	1,770,395
Senior operations	555,499	-	-	-	-	555,499
MTA reserves for capital	-	-	-	-	-	-
MTA operations	2,993,124	-	-	946,179	-	3,939,303
Total expenditures	<u>4,228,278</u>	<u>96,284</u>	<u>-</u>	<u>946,179</u>	<u>1,756,993</u>	<u>7,027,734</u>
Change in net position	<u>(93,100)</u>	<u>(26,617)</u>	<u>131,279</u>	<u>(130,394)</u>	<u>(921,966)</u>	<u>(1,040,798)</u>
Net position, beginning of period	<u>1,894,217</u>	<u>74,461</u>	<u>258,181</u>	<u>474,843</u>	<u>3,501,163</u>	<u>6,202,865</u>
Net position, end of period	<u>\$ 1,801,117</u>	<u>\$ 47,844</u>	<u>\$ 389,460</u>	<u>\$ 344,449</u>	<u>\$ 2,579,197</u>	<u>\$ 5,162,067</u>

Mendocino Council of Governments  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 Agency Funds  
 For the Year Ended June 30, 2020

	Local Transportation Reserve Fund			
	Balance	Additions	Deletions	Balance
	June 30, 2019			June 30, 2020
<u>ASSETS</u>				
Cash and investments	\$ 571,943	\$ -	\$ 289,012	\$ 282,931
Due from other funds	-	133,463	-	133,463
Total assets	\$ 571,943	\$ 133,463	\$ 289,012	\$ 416,394

<u>LIABILITIES</u>				
Due to other funds	\$ 571,943	\$ -	\$ 155,549	\$ 416,394
Total liabilities	\$ 571,943	\$ -	\$ 155,549	\$ 416,394

	Capital Replacement Reserve Fund			
	Balance	Additions	Deletions	Balance
	June 30, 2019			June 30, 2020
<u>ASSETS</u>				
Cash and investments	\$ 460,099	\$ 234,554	\$ -	\$ 694,653
Due from other funds	221,721	-	221,721	-
Total assets	\$ 681,820	\$ 234,554	\$ 221,721	\$ 694,653

<u>LIABILITIES</u>				
Due to other funds	681,819	\$ 12,834	\$ -	\$ 694,653
Total liabilities	\$ 681,819	\$ 12,834	\$ -	\$ 694,653

Mendocino Council of Governments  
SCHEDULE OF ALLOCATIONS, EXPENDITURES AND OPERATING TRANSFERS  
 Local Transportation Fund  
 For the Year Ended June 30, 2020  
 (UNAUDITED)

	Public Utilities Code Section						Total	
	99233.1	99233.2	99233.3	99260(A)	99400(A)	99400(B)		99400(C)
Allocations:								
Mendocino Transit Authority	\$ -	\$ -	\$ -	\$ 2,993,124	\$ -	\$ -	\$ 555,499	\$ 3,548,623
Mendocino Council of Governments	464,066	147,816	67,772	-	-	-	-	679,654
Total allocations	<u>464,066</u>	<u>147,816</u>	<u>67,772</u>	<u>2,993,124</u>	<u>-</u>	<u>-</u>	<u>555,499</u>	<u>4,228,277</u>
Expenditures:								
Mendocino Transit Authority	-	-	-	2,993,124	-	-	555,499	3,548,623
County of Mendocino	-	-	-	-	-	-	-	-
City of Fort Bragg	-	-	-	-	-	-	-	-
City of Point Arena	-	-	-	-	-	-	-	-
City of Ukiah	-	-	96,284	-	-	-	-	96,284
Mendocino Council of Governments	476,960	132,089	-	-	-	-	-	609,049
Total expenditures	<u>476,960</u>	<u>132,089</u>	<u>96,284</u>	<u>2,993,124</u>	<u>-</u>	<u>-</u>	<u>555,499</u>	<u>4,253,956</u>
Allocations over (under) expenditures	<u>(12,894)</u>	<u>15,727</u>	<u>(28,512)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,679)</u>
Over (under) expended allocations	<u>\$ (12,894)</u>	<u>\$ 15,727</u>	<u>\$ (28,512)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,679)</u>

Mendocino Council of Governments  
SCHEDULE OF ALLOCATIONS AND EXPENDITURES  
 State Transit Assistance Fund  
 For the Year Ended June 30, 2020  
 (UNAUDITED)

	Public Utilities Code Section
	Operating Costs 6730(a)
Allocations:	
Mendocino Transit Authority	\$ 946,179
Total allocations	946,179
Expenditures:	
Mendocino Transit Authority	946,179
Total expenditures	946,179
Unexpended (overexpended) allocations	\$ -

REPORT ON COMPLIANCE OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
THE STATUTES, RULES, AND REGULATIONS OF THE  
CALIFORNIA TRANSPORTATION DEVELOPMENT ACT

Board of Directors  
Mendocino Council of Governments  
Ukiah, California

We have audited the basic financial statements of the Transportation Development Act Funds of Mendocino Council of Governments as of and for the year ended June 30, 2020 and have issued a report thereon dated April 22, 2021. We conducted our audit in accordance with U.S. generally accepted auditing standards.

As part of obtaining reasonable assurance about whether Mendocino Council of Governments Transportation Development Act Funds' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, we performed tests to determine that expenditures paid by Mendocino Council of Governments Transportation Development Act Funds were made in accordance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Sections 6661, 6662 and 6751 that are applicable to Mendocino Council of Governments Transportation Development Act Funds. In connection with our audit, nothing came to our attention that caused us to believe Mendocino Council of Governments Transportation Development Act Funds failed to comply with the Statutes, Rules, and Regulations of the California Transportation Development Act. 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.

This report is intended solely for the information and use of the management and Board of Directors of Mendocino Council of Governments, the California Department of Transportation, and the State Controller's Office and should not be used by anyone other than these specified parties.

*R.J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
April 22, 2021