

**MENDOCINO COUNCIL OF GOVERNMENTS  
UKIAH, CALIFORNIA**

**ANNUAL FINANCIAL REPORT  
JUNE 30, 2025**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Mendocino Council of Governments  
Ukiah, California

### Report on the Financial Statements

#### Opinions

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, 2025, 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.

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, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mendocino Council of Governments, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mendocino Council of Governments' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mendocino Council of Governments' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mendocino Council of Governments' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and the other required supplementary information as listed in the table of contents 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.

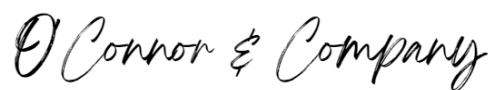
We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency 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 32-33 is presented for the purpose 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.



O'Connor & Company

Novato, California  
February 19, 2026

**Mendocino Council of Governments**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
June 30, 2025

This presents management’s overview of the financial activities of Mendocino Council of Governments (“the Council”) for Fiscal Year (FY) 2024/25, ended June 30, 2025. 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**

The sales tax continues to be an essential economic indicator tracked by the Council, as the largest single source of Council funding on an annual basis. Revenue from the dedicated quarter-cent sales tax to the Local Transportation Fund (LTF) slowed a trend of economic recovery and growth since the Great Recession began in 2008. Local sales tax revenues had been around \$3 million annually until the low point in 2009/10 of \$2.6 million. Annual revenues grew steadily to \$5 million in FY 2020/21 during the coronavirus pandemic, when LTF revenues came in a full 20 percent above the budget estimate. In 2021/22, there was again a substantial unallocated surplus, though slowing to 8.5 percent. Fiscal year 2022/23 actual revenues of \$4.5 million were a disappointing 11.6 percent below the budget estimate, though remained higher than in 2019/20. During 2023/24, the County Auditor’s estimate was revised downward from \$4.9 million to \$4.2 million, a decrease of \$658,530 resulting in an over-allocation that was dealt with in budget amendments. Actual revenues were \$4,375,699, higher than in any year prior to the pandemic, with the unallocated portion added to MCOG’s reserve per its policy. FY 2024/25 revenues came in at just \$4.2 million, with a budget shortfall of about one-half percent. For 2025/26, the County Auditor-Controller/Treasurer-Tax Collector’s revised estimate was down five percent. So the growth trend appears to have peaked and begun to decline. The Council wisely continues to set aside and replenish reserves to buffer against economic uncertainties.

State Transit Assistance (STA) funds from fuel taxes also topped around the same time, having rebounded from a drop during the first pandemic year. The infusion of revenues from Senate Bill 1, the Road Repair & Accountability Act of 2017, had more than doubled STA annual revenues since its ten-year low point in FY 2016/17 of \$325,000, to a high of \$815,000 in 2018/19. While the ensuing pandemic impacted driving behavior, resulting in a loss of 20 percent in 2020/21, travel later resumed and revenues recovered, with 2021/22 in excess of both the estimates and pre-pandemic actual revenues. Revenues were up 30 percent year-over-year for 2021/22 and up 50 percent for 2022/23, peaking at \$1.27 million. FY 2023/24 came in at \$1.1 million, and the fiscal audit confirms 2024/25 revenues of \$980,078. The State Controller revised the 2025/26 downward slightly, to \$971,570, and the 2026/27 preliminary estimate is \$876,829. Fuel taxes are expected to decline over time with more efficient vehicles on the road, an issue much studied by state authorities such as the California Transportation Commission. STA is vital for public transit operations and capital.

Revenues that originate from gasoline and diesel 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, which invests over \$5 billion a year in state and local transportation needs. It has been projected that within the decade, SB 1 revenues will level off as vehicles become more fuel efficient and transition to electrification. A combination of factors will make fuel taxes lose value in the coming years. For the future, alternative revenue streams are being tested, notably the California Road Charge Pilot completed in 2017.

**Mendocino Council of Governments**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2025

In 2021 the State tested how a road charge could work with four technologies: usage-based insurance, ridesharing, EV charging stations/pay-at-the-pump systems, and autonomous vehicles. In 2023 the Public/Private Roads Project gathered essential information for planning how a road charge program could address travel on and off public, private, and tribal roadways, with rural and tribal community members participating in a six-month pilot. In 2024/25 another pilot further tested reporting and payment methods. More information: <https://caroadcharge.com/>

Grants and other revenue sources available to the Council appear stable for the most part. Various SB 1 programs have benefited local member agencies. Planning grants have continued to be active over the years, as management has consistently delivered grant products and helped to secure new grants that benefit the Council's membership and the region. Climate resiliency and adaptation are priorities of many state grant programs, while federal policy has sharply turned away from climate issues.

Besides transportation planning grants, SB 1 also added other programs that benefit public transit, such as State of Good Repair, which MCOG holds in its STA account and is received by the same distribution formula. A new source of funds came in FY 2023/24 from Senate Bill 125, added to MCOG's budget in 2024/25. This created the Formula-Based Transit & Intercity Rail Capital Program (TIRCP) & Zero Emission Transit Capital Program (ZETCP), which passes through MCOG's cash accounts. In May 2025 the Council adopted an amended Allocation Plan that the California State Transportation Agency (CalSTA) approved, releasing most of an estimated \$11 million distribution over a four-year cycle. In 2024/25, MCOG paid the first claim of \$850,000 to Mendocino Transit Authority, as allocated to avoid service cuts. More information: <https://calsta.ca.gov/subject-areas/sb125-transit-program>

Another addition is the Northern Rural Energy Network, which receives public purpose program funds paid by utility ratepayers to plan, administer, and implement energy efficiency programs. This newly established regional organization is dedicated to providing programs and services to rural communities throughout Northern California. The Council joined as a partner during three years of research and startup activities, and launched its program in 2025 as the local implementor for Mendocino County. More information: <https://northernren.org/>

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

### **Fund Classifications**

Through June 30, 2025, the Council managed 17 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). Two of these are new accounts added in FY 2024/25 for the SB 125 TIRCP and ZETCP transit programs and the Northern Rural Energy Network energy efficiency programs. The audit report classifies accounts 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, including Administration, the Transportation Planning Overall Work Program (OWP), Mendocino Service Authority for Freeway Emergencies (SAFE), and Northern Rural Energy Network (NREN).

**Mendocino Council of Governments**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2025

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, from vehicle registration fees collected by the California Department of Motor Vehicles, and recently from utility ratepayer funds allocated by the California Public Utilities Commission. These ten Governmental or Special Revenue Funds account for most of the Council's activities and major funds are presented individually with their budgets under Supplementary 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) Private Purpose Trust and 2) Custodial Funds. Fiduciary Fund activity is detailed under Supplemental Information representing these seven funds: LTF, STA, STBG, LTF Bicycle & Pedestrian fund, the two Reserves, and TIRCP-ZETCP. (State of Good Repair program revenues are held within the STA fund, while activity is tracked separately as presented in the fiscal audit.)

The Private Purpose 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;
- The Surface Transportation Block Grant (STBG) Program (formerly known as Regional Surface Transportation Program or RSTP), funded by the federal transportation authorizing legislation (currently the Infrastructure Investment & Jobs Act or IIJA); the Council typically opts to exchange these funds for more flexible State Highway Account funds and 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 to the member local government agencies; and
- The Senate Bill 125 combined Transit & Intercity Rail Capital Program (TIRCP) and Zero Emission Transit Capital Program (ZETCP) formula funding, a one-time apportionment to regional agencies subject to allocation plans approved by the California State Transportation Agency (CalSTA), with no expiration date for expenditure of the funds.

There are two Custodial 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
- 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 (MTA).

The Council's fiduciary LTF Two Percent Bicycle & Pedestrian Program fund is considered "due to" the original Local Transportation Fund (LTF), the Private Purpose 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 32.

**Mendocino Council of Governments**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2025

MCOG's net assets at FY 2024/25 closing resulted in Governmental net position of \$863,000 and Fiduciary funds of \$9.7 million.

**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. These have a declining fund balance as the major system components have been depreciated. 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 \$2,918,222, a decrease of \$2,498,969 (-46%) compared to the previous fiscal year, mainly due to the Covelo trail construction project nearing completion. Expenditures were \$2,908,623, a decrease of \$2,948,332 (-48%). Table 1 shows the Net Position of the Special Revenue Funds compared to FY 2023/24.

Table 1  
Governmental Net Position at June 30

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Current assets	\$ 2,657,940	\$ 2,956,064	\$ (298,124)
Capital assets, net of depreciation	<u>33,316</u>	<u>15,302</u>	<u>18,014</u>
Total assets	<u>2,691,256</u>	<u>2,971,366</u>	<u>(280,110)</u>
Current liabilities	<u>1,828,583</u>	<u>2,143,346</u>	<u>(314,763)</u>
Total liabilities	<u>1,828,583</u>	<u>2,143,346</u>	<u>(314,763)</u>
Net position			
Invested in capital assets	33,316	15,302	18,014
Restricted	829,357	814,607	14,750
Unrestricted	<u>-</u>	<u>(1,889)</u>	<u>1,889</u>
Total net position	<u>\$ 862,673</u>	<u>\$ 828,020</u>	<u>\$ 34,653</u>

Net position comprised the following:

- Cash and investments of \$908,797 in the County of Mendocino Treasury;
- Current receivables, including reimbursements, grants, and apportionments, totaling \$1,749,143;
- Current liabilities, including accounts payable, claims, and other amounts due currently, totaling \$1,828,583;
- Depreciated capital assets of \$33,316. *(refer to Page 23)*

**Mendocino Council of Governments**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2025

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 \$574,900 from the Local Transportation Fund for administration of all the Council's activities, including the first year of a five-year contract effective October 1, 2024, resulting from the Council's procurement for Administrative & Fiscal Services. 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 dropped to \$56,380, remaining within the \$50,000 to \$60,000 range of the previous nine years.

Planning

Over the past six years, the Transportation Planning Overall Work Program (OWP) budget had averaged about \$1.2 million annually (refer to the Governmental Funds for sources). For 2023/24 and 2024/25, the amended budgets totaled \$1,377,012 and \$1,583,251 respectively. The OWP funded 16 project work elements that benefited the five member agencies, MTA, and Caltrans.

SAFE Program

The Mendocino SAFE motorist aid call box program currently has 137 installations, reduced from 141 due to Caltrans roadway projects that required removal of several boxes. Budgets continue to be adopted annually, with revenues consistently exceeding \$100,000 from vehicle registration fees countywide. Five-Year Strategic & Financial Plans have been adopted to reflect operation and maintenance of the system, most recently in 2017. A brief history: 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. An updated SAFE plan will be developed to reassess the overall system, including evaluation of whether additional boxes are warranted in certain locations or whether further reductions are appropriate based on usage and coverage.

Mendocino SAFE previously operated 45 boxes using satellite technology and 96 cellular units. Satellite boxes were initially deployed to serve remote areas with little or no cellular reception, making Mendocino the first program in the nation to test and demonstrate early adoption of satellite technology. However, satellite service has significant higher operating costs. To improve cost efficiency, 12 satellite boxes have been converted to 4G cellular service due to improved signal strength at those locations, eliminating the need for satellite technology. In addition, ten existing 3G cellular units have been upgraded to 4G to address network transitions and maintain system reliability. The SAFE system primarily operates under 4G cellular infrastructure, with limited satellite units remaining only where necessary. With constrained funding and increased operational costs, the current focus remains on maintaining the existing system in a safe and fiscally responsible manner, while conducting a comprehensive reassessment through the upcoming SAFE Plan update.

Mendocino Council of Governments  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2025

Table 2  
Changes in Governmental Net Position

	2025	2024	Change
<u>Expenses</u>			
Planning and administration	\$ 2,885,458	\$ 5,556,955	\$ (2,671,497)
Total expenses	2,885,458	5,556,955	(2,671,497)
<u>Revenues</u>			
Program revenues:			
Local Transportation Funds	682,201	730,240	(48,039)
DMV Fees	103,279	104,395	(1,116)
Aid from State Governments	2,114,749	4,525,605	(2,410,856)
Total program revenues	2,900,229	5,360,240	(2,460,011)
General revenues:			
Interest income	19,883	56,951	(37,068)
Total general revenues	19,883	56,951	(37,068)
Total revenues	2,920,112	5,417,191	(2,497,079)
Change in net position	\$ 34,654	\$ (139,764)	\$ 174,418

**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, CFO/Administrative Advisor

Mendocino Council of Governments  
STATEMENT OF NET POSITION  
 June 30, 2025

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 908,797
Due from other governments	1,749,143
Capital assets, net of accumulated depreciation	33,316
Total assets	2,691,256
 <u>LIABILITIES AND NET POSITION</u>	
Liabilities:	
Accounts payable	356,297
Due to fiduciary funds	1,472,286
Total liabilities	1,828,583
 Net position:	
Net investment in capital assets	33,316
Restricted	829,357
Total net position	\$ 862,673

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

Mendocino Council of Governments  
STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2025

<u>Functions/Programs</u>	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants & Contributions	Governmental Activities
Governmental activities:				
Planning and administration	\$ 2,885,458	\$ -	\$ 2,900,229	\$ 14,771
Total governmental activities	\$ 2,885,458	\$ -	\$ 2,900,229	14,771
General revenues:				
Use of money and property				19,883
Total general revenues				19,883
Change in net position				34,654
Net position beginning				828,019
Net position ending				\$ 862,673

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

Mendocino Council of Governments  
GOVERNMENTAL FUNDS - BALANCE SHEET  
 Special Revenue Funds  
 June 30, 2025

	Local Planning	PPM	RPA State Planning	SAFE	LTF Administration Fund	Federal Grants	State Grants	Infra- structure Grant	Housing Grants	Northern Rural Energy Network	Total
<u>ASSETS</u>											
Current assets:											
Cash and investments	\$ 293,118	\$ 219,870	\$ -	\$ 134,381	\$ 221,776	\$ -	\$ -	\$ -	\$ -	\$ 39,652	\$ 908,797
Due from other governments	-	-	172,788	-	-	61,644	38,034	1,446,677	-	30,000	1,749,143
<b>Total assets</b>	<b>\$ 293,118</b>	<b>\$ 219,870</b>	<b>\$ 172,788</b>	<b>\$ 134,381</b>	<b>\$ 221,776</b>	<b>\$ 61,644</b>	<b>\$ 38,034</b>	<b>\$ 1,446,677</b>	<b>\$ -</b>	<b>\$ 69,652</b>	<b>\$ 2,657,940</b>
<u>LIABILITIES AND FUND BALANCE</u>											
Liabilities:											
Accounts payable	\$ 26,961	\$ 82,877	\$ 84,337	\$ 16,480	\$ 47,518	\$ 24,870	\$ 32,237	\$ 2,699	\$ -	\$ 38,318	\$ 356,297
Due to other governments	-	-	88,451	-	-	36,774	5,797	1,341,264	-	-	1,472,286
<b>Total liabilities</b>	<b>26,961</b>	<b>82,877</b>	<b>172,788</b>	<b>16,480</b>	<b>47,518</b>	<b>61,644</b>	<b>38,034</b>	<b>1,343,963</b>	<b>-</b>	<b>38,318</b>	<b>1,828,583</b>
Fund balances:											
Restricted	266,157	136,993	-	117,901	174,258	-	-	102,714	-	31,334	829,357
<b>Total fund balances</b>	<b>266,157</b>	<b>136,993</b>	<b>-</b>	<b>117,901</b>	<b>174,258</b>	<b>-</b>	<b>-</b>	<b>102,714</b>	<b>-</b>	<b>31,334</b>	<b>829,357</b>
<b>Total liabilities and fund balances</b>	<b>\$ 293,118</b>	<b>\$ 219,870</b>	<b>\$ 172,788</b>	<b>\$ 134,381</b>	<b>\$ 221,776</b>	<b>\$ 61,644</b>	<b>\$ 38,034</b>	<b>\$ 1,446,677</b>	<b>\$ -</b>	<b>\$ 69,652</b>	<b>\$ 2,657,940</b>

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, 2025

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 829,357

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.

33,316

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 862,673

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, 2025

	Local Planning	PPM	RPA State Planning	SAFE	LTF Administration Fund	Federal Grants	State Grants	Infra- structure Grant	Housing Grants	Northern Rural Energy Network	Total
<b>Revenues:</b>											
Local transportation fund	\$ 127,301	\$ -	\$ -	\$ -	\$ 554,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 682,201
Aid from state governments	-	200,000	347,748	-	-	131,878	41,783	1,095,844	133,357	164,139	2,114,749
DMV Fees	-	-	-	103,279	-	-	-	-	-	-	103,279
Interest and other income	<u>26</u>	<u>5,710</u>	<u>-</u>	<u>4,031</u>	<u>7,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,890</u>	<u>432</u>	<u>19,883</u>
Total revenues	<u>127,327</u>	<u>205,710</u>	<u>347,748</u>	<u>107,310</u>	<u>562,694</u>	<u>131,878</u>	<u>41,783</u>	<u>1,095,844</u>	<u>135,247</u>	<u>164,571</u>	<u>2,920,112</u>
<b>Expenditures:</b>											
Services and supplies	<u>94,190</u>	<u>212,955</u>	<u>347,748</u>	<u>135,834</u>	<u>582,208</u>	<u>132,018</u>	<u>41,783</u>	<u>1,090,142</u>	<u>133,357</u>	<u>133,237</u>	<u>2,903,472</u>
Total expenditures	<u>94,190</u>	<u>212,955</u>	<u>347,748</u>	<u>135,834</u>	<u>582,208</u>	<u>132,018</u>	<u>41,783</u>	<u>1,090,142</u>	<u>133,357</u>	<u>133,237</u>	<u>2,903,472</u>
Excess (deficiency) of revenues over (under) expenditures	33,137	(7,245)	-	(28,524)	(19,514)	(140)	-	5,702	1,890	31,334	16,640
Fund balances beginning of period	<u>233,020</u>	<u>144,238</u>	<u>-</u>	<u>146,425</u>	<u>193,772</u>	<u>140</u>	<u>-</u>	<u>97,012</u>	<u>(1,890)</u>	<u>-</u>	<u>812,717</u>
Fund balances at end of period	<u>\$ 266,157</u>	<u>\$ 136,993</u>	<u>\$ -</u>	<u>\$ 117,901</u>	<u>\$ 174,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,714</u>	<u>\$ -</u>	<u>\$ 31,334</u>	<u>\$ 829,357</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, 2025

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	\$ 16,640
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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:

Capital asset purchases	26,366
Depreciation expense is deducted from the fund balance	(8,352)
	34,654
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 34,654</u>

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

Mendocino Council of Governments  
STATEMENT OF FIDUCIARY NET POSITION

Fiduciary Funds  
 June 30, 2025

	Private Purpose Trust	Custodial Funds
<u>ASSETS</u>		
Cash and investments	\$ 7,409,096	\$ 521,277
Due from other governments	3,144,523	131,022
Due from other funds	652,299	-
Total assets	11,205,918	652,299
<u>LIABILITIES</u>		
Liabilities:		
Accounts payable	10,457	-
Due to other governments	1,504,191	652,299
Total liabilities	1,514,648	652,299
<u>NET POSITION</u>		
Restricted for other governments	9,691,270	-
Unrestricted (deficit)	-	-
Total net position	\$ 9,691,270	\$ -

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, 2025

	Private Purpose Trust	Custodial Funds
Revenue:		
Taxes	\$ 9,753,501	\$ -
Allocations	206,000	3,401
Interest	192,178	-
Total revenue	10,151,679	3,401
Expenditures:		
Administration, planning, bicycle & pedestrian	965,604	-
Local allocations and project awards	793,418	-
Senior operations	600,000	-
MTA operations	5,979,328	-
Total expenditures	8,338,350	-
Change in net position	1,813,329	3,401
Net position, beginning of period	7,877,941	(3,401)
Net position, end of period	\$ 9,691,270	\$ -

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

Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2025

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. The criteria used in determining the reportable entity was based on control or dependence determined based on 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, followed by five one-year extensions. New five-year contracts were procured, effective October 1, 2024. 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 includes 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.

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.

Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation (continued)

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements.

Fund Financial Statements

Fund Financial Statements of the Council are organized into funds, each of which is a separate accounting entity. The operations of each fund 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. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled. 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 how 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.

The Council reported the following major governmental funds in the accompanying financial statements:

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

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

SAFE: This fund accounts for the Service Authority for Freeway Emergencies. The major source of revenue for this fund is 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 source of revenue for this fund is Local Transportation Funds. Expenditures are made for administration.

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

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

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

Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation (concluded)

Housing Grants Fund: This fund accounts for state housing grant activities.

Northern Rural Energy Network Fund: This fund accounts for providing energy efficiency programs and services to rural communities.

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 the 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.

Due from Other Governments

Grant and contract revenues have been earned but not received at the end of the fiscal year.

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.

*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.

Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgets (concluded)

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.

*Private Purpose Trust Funds* - There are private purpose trust funds, the Local Transportation Fund (LTF), the State Transit Assistance Fund (STA), the Surface Transportation Block Grant Program Fund (STBG) and the 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 street 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 notify 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.

The LTF Administrative Fund's expenditure exceeded appropriations by \$27,308 on June 30, 2025.

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.

Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

D. Fiduciary Fund Types (concluded)

*Local Bicycle & Pedestrian Fund* - These funds are apportioned and allocated by the Council for Pedestrian and Bicycle projects.

*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.

*State of Good Repair* - This fund is utilized by the Council, as trustee, to receive funding for capital assistance in rehabilitating and modernizing California's existing local transit systems. This is an increase in transit STA funding. They pass through the Council directly to MTA.

*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 the 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 breakdown for the net position held in trust is as follows:

- Partnership Funding Program - \$709,127
- Local Assistance - \$333,159
- Formula Distribution - \$2,939,818
- Unassigned - \$402,959
- Total on June 30, 2025: \$ 4,385,063

*Transit Capital Program (TIRCP) and the Zero Emission Transit Program (ZETCP)* – This fund is utilized by the Council, as a trustee, to receive to provide grants from the Greenhouse Gas Reduction Fund (GGRF) to fund transformative capital improvements that will modernize California's intercity, commuter, and urban rail systems, and bus and ferry transit systems, to significantly reduce emissions of greenhouse gases, vehicle miles traveled, and congestion.

Custodial Funds are used by the Council for the following purposes:

*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.

*Capital Reserve Fund* - This fund is utilized by the Council for transit capital replacement and development of new facilities.

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. The actual results could differ from those amounts.

Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2025

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, 2025 was \$908,797 reported in governmental activity type funds and \$7,930,373 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 the state code in terms of 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 the 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, 2025, 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.

Custodial Credit Risk

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 for deposits and 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 requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California agents of depository is held for, and in the name of, the local government.

Credit Risk - Investments

Credit risk is the risk that the 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, 2025 are provided by Standard and Poor's except as noted. None of the Council investment types are rated.

Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the Council was not exposed to the concentration of credit risk.



Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2025

NOTE 5 - INTERFUND TRANSACTIONS

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2025, interfund balances comprised the following:

	Due From	Due To
LTF Reserve	\$ -	\$ 515,156
Capital Reserve	-	137,143
Local Transportation Fund	652,299	-
Total	\$ 652,299	\$ 652,299

NOTE 6 - CONTINGENCIES

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 expenditure would be a liability to be refunded to the appropriate agency.

NOTE 7 - NET POSITION AND FUND BALANCE

For government-wide reporting, fund equity is called net position. Net position is comprised of three components: net investment in capital assets, restricted and unrestricted.

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. *Net Investment in Capital Assets* 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.

Net Position Flow Assumption

The Council's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

In the fund financial statements, governmental fund balances are reported in the following five classifications based upon the constraints imposed on the use of these resources:

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.

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 by the Board of Directors or by management officials to whom assignment authority has been delegated by the Board of Directors.

Mendocino Council of Governments  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2025

NOTE 7 - NET POSITION AND FUND BALANCE (concluded)

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

Fund Balance Flow Assumption

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available, the Council considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Council considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

NOTE 8 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the financial statements were available to be issued.

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, 2025  
 (UNAUDITED)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue:				
Local transportation fund	\$ 186,329	\$ 299,939	\$ 127,301	\$ (172,638)
Interest	-	-	26	26
Total revenue	186,329	299,939	127,327	(172,612)
Expenditures:				
Service and supplies	186,329	299,939	94,190	205,749
Total expenditures	186,329	299,939	94,190	205,749
Excess (deficiency) of revenues over (under) expenditures	-	-	33,137	33,137
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	\$ -	33,137	\$ 33,137
Fund balance, beginning of period			233,020	
Fund balance, end of period			\$ 266,157	

Mendocino Council of Governments  
 PPM Fund  
SCHEDULE OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
 Budget to Actual  
 For the Year Ended June 30, 2025  
 (UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Aid from state governments	\$ 288,042	\$ 376,101	\$ 200,000	\$ (176,101)
Interest	-	-	5,710	5,710
Total revenue	<u>288,042</u>	<u>376,101</u>	<u>205,710</u>	<u>(170,391)</u>
Expenditures:				
Service and supplies	<u>288,042</u>	<u>376,101</u>	<u>212,955</u>	<u>163,146</u>
Total expenditures	<u>288,042</u>	<u>376,101</u>	<u>212,955</u>	<u>163,146</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(7,245)</u>	<u>(7,245)</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 balance	<u>\$ -</u>	<u>\$ -</u>	(7,245)	<u>\$ (7,245)</u>
Fund balance, beginning of period			<u>144,238</u>	
Fund balance, end of period			<u>\$ 136,993</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, 2025  
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Aid from state governments	\$ 363,000	\$ 371,268	\$ 347,748	\$ (23,520)
Interest and other income	-	-	-	-
Total revenue	<u>363,000</u>	<u>371,268</u>	<u>347,748</u>	<u>(23,520)</u>
Expenditures:				
Service and supplies	<u>363,000</u>	<u>371,268</u>	<u>347,748</u>	<u>23,520</u>
Total expenditures	<u>363,000</u>	<u>371,268</u>	<u>347,748</u>	<u>23,520</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>\$ -</u>
Fund balance, beginning of period			<u>-</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, 2025  
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
DMV Fees	\$ 105,000	\$ 105,000	\$ 103,279	\$ (1,721)
Interest	<u>1,000</u>	<u>1,000</u>	<u>4,031</u>	<u>3,031</u>
Total revenue	<u>106,000</u>	<u>106,000</u>	<u>107,310</u>	<u>1,310</u>
 Expenditures:				
Service and supplies	<u>208,438</u>	<u>208,438</u>	<u>135,834</u>	<u>72,604</u>
Total expenditures	<u>208,438</u>	<u>208,438</u>	<u>135,834</u>	<u>72,604</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>\$ (102,438)</u>	<u>\$ (102,438)</u>	(28,524)	<u>\$ 73,914</u>
Fund balance, beginning of period			<u>146,425</u>	
 Fund balance, end of period			<u>\$ 117,901</u>	

Mendocino Council of Governments  
LTF Administration Fund  
SCHEDULE OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
Budget to Actual  
For the Year Ended June 30, 2025  
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Local transportation fund	\$ 554,900	\$ 574,900	\$ 554,900	\$ (20,000)
RCTF dues	-	-	1,500	1,500
Interest	-	-	<u>6,294</u>	<u>6,294</u>
Total revenue	<u>554,900</u>	<u>574,900</u>	<u>562,694</u>	<u>(12,206)</u>
Expenditures:				
Service and supplies	<u>554,900</u>	<u>554,900</u>	<u>582,208</u>	<u>(27,308)</u>
Total expenditures	<u>554,900</u>	<u>554,900</u>	<u>582,208</u>	<u>(27,308)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 20,000</u>	(19,514)	<u>\$ (39,514)</u>
Fund balance, beginning of period			<u>193,772</u>	
Fund balance, end of period			<u>\$ 174,258</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, 2025  
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Aid from state governments	\$ -	\$ 354,120	\$ 41,783	\$ (312,337)
Total revenue	<u>-</u>	<u>354,120</u>	<u>41,783</u>	<u>(312,337)</u>
Expenditures:				
Service and supplies	-	354,120	41,783	312,337
Total expenditures	<u>-</u>	<u>354,120</u>	<u>41,783</u>	<u>312,337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>-</u>	<u>\$ -</u>
Fund balance, beginning of period			<u>-</u>	
Fund balance, end of period			<u>\$ -</u>	

Mendocino Council of Governments  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 Fiduciary Fund Types  
 For the Year Ended June 30, 2025

	Private Purpose Trust					Custodial Funds		Totals	
	Local Transportation Fund	Local Bicycle & Pedestrian Fund	State of Good Repair Fund	State Transit Assistance Fund	Surface Transportation Block Grant Program Fund	Transit Capital Program & Zero Emission Transit Program Fund	Local Transportation Reserve Fund		Capital Replacement Reserve Fund
<u>ASSETS</u>									
Current assets:									
Cash and investments	\$ 175,169	\$ 264,579	\$ 439,841	\$ 45,769	\$ 3,053,069	\$ 3,430,669	\$ 384,134	\$ 137,143	\$ 7,930,373
Due from other governments	1,528,367	-	41,718	233,174	1,341,264	-	131,022	-	3,275,545
Due from other funds	652,299	-	-	-	-	-	-	-	652,299
Total assets	<u>2,355,835</u>	<u>264,579</u>	<u>481,559</u>	<u>278,943</u>	<u>4,394,333</u>	<u>3,430,669</u>	<u>515,156</u>	<u>137,143</u>	<u>11,858,217</u>
<u>LIABILITIES AND NET POSITION</u>									
Liabilities:									
Accounts payable	-	-	-	-	9,270	1,187	-	-	10,457
Due to other governments	380,336	-	-	273,855	-	850,000	-	-	1,504,191
Due to other funds	-	-	-	-	-	-	515,156	137,143	652,299
Total liabilities	<u>380,336</u>	<u>-</u>	<u>-</u>	<u>273,855</u>	<u>9,270</u>	<u>851,187</u>	<u>515,156</u>	<u>137,143</u>	<u>2,166,947</u>
<u>NET POSITION</u>									
Restricted for other governments	<u>1,975,499</u>	<u>264,579</u>	<u>481,559</u>	<u>5,088</u>	<u>4,385,063</u>	<u>2,579,482</u>	<u>-</u>	<u>-</u>	<u>9,691,270</u>
Total net position	<u>\$ 1,975,499</u>	<u>\$ 264,579</u>	<u>\$ 481,559</u>	<u>\$ 5,088</u>	<u>\$ 4,385,063</u>	<u>\$ 2,579,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,691,270</u>

Mendocino Council of Governments  
COMBINING STATEMENT OF CHANGES  
IN FIDUCIARY NET POSITION  
 Fiduciary Fund Types  
 For the Year Ended June 30, 2025

	Private Purpose Trust						Custodial Funds		Total
	Local Transportation Fund	Local Bicycle & Pedestrian Fund	State of Good Repair Fund	State Transit Assistance Fund	Surface Transportation Block Grant Program Fund	Transit Capital Program & Zero Emission Transit Program Fund	Local Transportation Reserve Fund	Capital Replacement Reserve Fund	
Additions:									
Taxes	\$ 4,216,890	\$ -	\$ 166,872	\$ 980,078	\$ 1,036,136	\$ 3,353,525	\$ -	\$ -	\$ 9,753,501
Intergovernmental	131,022	73,770	-	-	1,208	-	-	3,401	209,401
Interest	9,867	6,947	-	22,182	67,881	85,301	-	-	192,178
Total additions	<u>4,357,779</u>	<u>80,717</u>	<u>166,872</u>	<u>1,002,260</u>	<u>1,105,225</u>	<u>3,438,826</u>	<u>-</u>	<u>3,401</u>	<u>10,155,080</u>
Deductions:									
Administration, planning, bicycle & pedestrian	880,022	-	-	-	76,238	9,344	-	-	965,604
Local allocations and project awards	-	-	-	-	793,418	-	-	-	793,418
Senior operations	600,000	-	-	-	-	-	-	-	600,000
MTA operations and capital	3,420,149	-	536,991	1,172,188	-	850,000	-	-	5,979,328
Total deductions	<u>4,900,171</u>	<u>-</u>	<u>536,991</u>	<u>1,172,188</u>	<u>869,656</u>	<u>859,344</u>	<u>-</u>	<u>-</u>	<u>8,338,350</u>
Change in net position	(542,392)	80,717	(370,119)	(169,928)	235,569	2,579,482	-	3,401	1,816,730
Net position, beginning of period	<u>2,517,891</u>	<u>183,862</u>	<u>851,678</u>	<u>175,016</u>	<u>4,149,494</u>	<u>-</u>	<u>-</u>	<u>(3,401)</u>	<u>7,874,540</u>
Net position, end of period	<u>\$ 1,975,499</u>	<u>\$ 264,579</u>	<u>\$ 481,559</u>	<u>\$ 5,088</u>	<u>\$ 4,385,063</u>	<u>\$ 2,579,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,691,270</u>

Mendocino Council of Governments  
SCHEDULE OF ALLOCATIONS, EXPENDITURES AND OPERATING TRANSFERS  
 Local Transportation Fund  
 For the Year Ended June 30, 2025  
 (UNAUDITED)

	Public Utilities Code Section							Total
	99233.1	99233.2	99233.3	99260(A)	99400(A)	99400(B)	99400(C)	
<b>Allocations:</b>								
Mendocino Transit Authority	\$ -	\$ -	\$ -	\$2,721,637	\$ -	\$ -	\$600,000	\$ 3,321,637
Mendocino Council of Governments	574,900	127,301	73,770	-	-	-	-	775,971
Total allocations	<u>574,900</u>	<u>127,301</u>	<u>73,770</u>	<u>2,721,637</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>4,097,608</u>
<b>Expenditures:</b>								
Mendocino Transit Authority	-	-	-	3,420,147	-	-	\$600,000	4,020,147
County of Mendocino	-	-	-	-	-	-	-	-
City of Fort Bragg	-	-	-	-	-	-	-	-
City of Point Arena	-	-	-	-	-	-	-	-
City of Ukiah	-	-	-	-	-	-	-	-
City of Willits	-	-	-	-	-	-	-	-
Mendocino Council of Governments	581,261	94,190	-	-	-	-	-	675,451
Total expenditures	<u>581,261</u>	<u>94,190</u>	<u>-</u>	<u>3,420,147</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>4,695,598</u>
Allocations over (under) expenditures	<u>(6,361)</u>	<u>33,111</u>	<u>73,770</u>	<u>(698,510)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(597,990)</u>
Operating transfers in (out)	<u>947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>947</u>
Over (under) expended allocations	<u>\$ (5,414)</u>	<u>\$ 33,111</u>	<u>\$ 73,770</u>	<u>\$ (698,510)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (597,043)</u>

Mendocino Council of Governments  
SCHEDULE OF ALLOCATIONS AND EXPENDITURES  
 State Transit Assistance Fund  
 For the Year Ended June 30, 2025  
 (UNAUDITED)

	Public Utilities Code Section
	Operating Costs 6730(a)
Allocations:	
Mendocino Transit Authority	\$ 1,197,778
Total allocations	1,197,778
Expenditures:	
Mendocino Transit Authority	1,172,188
Total expenditures	1,172,188
Unexpended (overexpended) allocations	\$ 25,590