

**STANISLAUS COUNCIL OF GOVERNMENTS  
MOVE STANISLAUS TRANSPORTATION, INC.**

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**ANNUAL FINANCIAL REPORT**

**FOR THE PERIOD FROM THE DATE OF INCEPTION  
THROUGH JUNE 30, 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Policy Board  
Stanislaus Council of Governments

We have audited the accompanying statement of activities of the Measure L Program of MOVE Stanislaus Transportation, Inc. (the Measure L Program), a nonprofit organization, pertaining to certain provisions of Measure L: Local Road First Transportation Funding Measure, (the *Measure L Program*) issued by the Stanislaus Council of Governments acting as the Stanislaus County Transportation Authority as of and for the period from the date of inception through June 30, 2018 and the related notes to the financial statements, which collectively comprise the financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure L Program as of and for the period from the date of inception through June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2019, on our consideration of the Measure L Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Measure L Program's internal control over financial reporting and compliance.

HUDSON HENDERSON & COMPANY, INC.

*Hudson Henderson & Company, Inc.*

Fresno, California  
March 29, 2019

**STANISLAUS COUNCIL OF GOVERNMENTS  
 MEASURE L - MOVE STANISLAUS TRANSPORTATION, INC.  
 STATEMENT OF ACTIVITIES  
 FOR THE PERIOD FROM THE DATE OF INCEPTION  
 THROUGH JUNE 30, 2018**

**REVENUES**

Measure L funds	\$ 58,000
	58,000
Total Revenues	58,000

**EXPENDITURES**

Contract services	
Point-to-point	58,000
	58,000
Total Expenditures	58,000
Net Change in Fund Balance	-
Net Assets, Beginning of Year	-
Net Assets, End of Year	\$ -

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

**STANISLAUS COUNCIL OF GOVERNMENTS  
MEASURE L - MOVE STANISLAUS TRANSPORTATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying State of Activities presents only the Measure L Program of MOVE Stanislaus Transportation, Inc. (the Measure L Program) and is not intended to present fairly the financial position, changes in financial position, or cash flows of MOVE Stanislaus Transportation Inc. as a whole in accordance with accounting principles generally accepted in the United States of America.

Nature of Activities and Reporting Entity: In 1979, California law established the concept of regional Consolidated Transportation Services Agencies (CTSA) in an effort to improve the coordination of various programs and funding sources that serve the transportation needs of older adults, people with disabilities, and low-income populations. Stanislaus Council of Governments (StanCOG) designated MOVE Stanislaus Transportation, Inc. (MOVE) as the CTSA for Stanislaus County and has been in operation since October 18, 2017. MOVE (the Organization) is staffed by nine employees and is funded by a combination of Local Transportation Funds (LTF), various competitive Federal Transportation Administration (FTA) grants and Measure L.

The Organization is a nonprofit organization dedicated to connecting the residents of Stanislaus County with transportation options to access the community. The Organization empowers people to improve their lives by finding the most appropriate mode of transportation based on their needs. The Organization offers a variety of programs to fit the diverse needs of their clients.

The Measure L Program is a special revenue program of the Organization. StanCOG is the regional transportation planning agency and the metropolitan planning organization of Stanislaus County, which oversees the Measure L Initiative. Measure L provides for the implementation of the Expenditure Plan as approved and adopted by StanCOG, which provides funding for countywide local street and road improvements, arterial street widening, signalization, pedestrian, bicyclist and driver safety improvements. These needed improvements are funded by Measure L, the one-half of one percent retail transactions and use tax established for a twenty-five-year period, April 1, 2017 – March 31, 2042. The revenues will be deposited in a special fund, used solely for the transportation projects, improvements and programs described in the Expenditure Plan which is considered a part of the Measure L Initiative, and incorporated into the Measure L Policies and Procedures.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2018, the Measure L Program had zero remaining Net Assets requiring disclosure or reporting per ASC Topic 958.

**STANISLAUS COUNCIL OF GOVERNMENTS**  
**MEASURE L - MOVE STANISLAUS TRANSPORTATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Method of Accounting: The Measure L Program uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America.

Support and Revenue: The Measure L Program receives grant support primarily through federal, state, and local agencies. Support received from those grants is recognized when earned under the terms and conditions of the award, generally when the related grant expenditure is incurred.

In-Kind Contributions: Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Exchange Transactions: Revenues earned from contracts, grants, and membership fees are considered to be exchange transactions. Revenues from exchange transactions are reported gross of any related expense in the accompanying financial statements.

Income Taxes: The Organization is a tax-exempt Organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Corporate Code. The Organization is subject to taxation on any unrelated business income.

Allocation of Expenses: The Organization charges all direct expenses to the appropriate grants as specified in the corresponding grant contract. The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses of the Organization's Annual Financial Report. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentrations of Credit Risk: The Organization maintains cash balances in several financial institutions. Cash balances in interest-bearing transaction accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. As of June 30, 2018, the Measure L Program had \$0 held with financial institutions that were uninsured. Management considers this a normal business risk, and hasn't experienced any losses in such accounts.

Subsequent Events: In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in these basic financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through March 29, 2019, which is the date the financial statements were available to be issued.

**STANISLAUS COUNCIL OF GOVERNMENTS  
MEASURE L - MOVE STANISLAUS TRANSPORTATION, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)**

**NOTE 2 – RISK MANAGEMENT**

The Measure L Program is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization provides coverage for these losses through commercial insurance policies. Refer to the Organization's Annual Financial Report for additional information.

**NOTE 3 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Measure L Program.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND THE MEASURE L PROGRAM**

To the Board of Directors  
MOVE Stanislaus Transportation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and certain provisions of the Measure L: Local Road First Transportation Funding Measure (the *Measure L Program*) issued by the Stanislaus Council of Governments acting as the Stanislaus County Transportation Authority, the financial statements of Measure L Program of MOVE Stanislaus Transportation Inc. (the Measure L Program), a nonprofit organization, as of and for the period from the date of inception through June 30, 2018 and the related notes to the financial statements, which collectively comprise the Measure L Program's basic financial statements and have issued our report thereon dated March 29, 2019.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Measure L Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and the *Measure L Program* noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the *Measure L Program*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Measure L Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Measure L Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HUDSON HENDERSON & COMPANY, INC.

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

Fresno, California  
March 29, 2019