



Financial Statements  
June 30, 2020

# Ventura Council of Governments

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## Independent Auditor's Report

The Board of Directors  
Ventura Council of Governments  
Ventura, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Ventura Council of Governments (Council), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### 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 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 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 and the general fund of the Council as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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.

### *Prior-Year Comparative Information*

We have previously audited the Council's 2019 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities and general fund in our report dated April 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2021, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Rancho Cucamonga, California  
May 5, 2021

## **Ventura Council of Governments Management's Discussion and Analysis**

As management of the Ventura Council of Governments (Council), we offer readers of VCOG's financial statements this narrative overview and analysis of VCOG's financial activities for the fiscal year ended June 30, 2020.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to VCOG's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of VCOG's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of VCOG's assets and liabilities, with the difference between assets and liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indication on whether the financial position of VCOG is improving or deteriorating.

The statement of activities presents information showing how VCOG's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this same statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements may be found on pages 6-7.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. VCOG, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** Governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. VCOG consists of a single governmental fund. The fund financial statements may be found on page 8-9.

**Notes to the basic financial statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

**Government-wide Financial Analysis**

The total net position of VCOG was \$107,661 at June 30, 2020 (as noted in Table 1 below). In comparison, the total net position of VCOG at June 30, 2019 was \$97,312. VCOG's net position at June 30, 2020 was unrestricted, meaning there are no external restrictions placed on the future use of the organization's net position.

Table 1  
Ventura Council of Governments  
Net Position at June 30:

		Governmental Activities		Percent Change
		2020	2019	
<b>Assets</b>				
Current assets	16,627	\$ 120,047	\$ 103,420	
Total Assets		120,047	103,420	16.1%
<b>Liabilities</b>				
Current liabilities	6,278	12,386	6,108	
Total Liabilities		12,386	6,108	102.8%
<b>Net Position</b>				
Unrestricted	10,349	107,661	97,312	
Total Net Position		\$ 107,661	\$ 97,312	10.6%

The total net position for VCOG increased by \$10,349, or 10.6%, during fiscal year 2019-2020. This means the revenues exceeded expenses, on a full accrual basis by \$10,349 for the year. Charges for services were 96.4% lower than in fiscal year 2018-19, and expenses were 35.1% lower. Two factors contribute to these changes. These were the cancellation of the Annual Dinner in June 2020 due to the COVID-19 Pandemic, and the shift of the two annual conferences (SCAG Annual Economic Summit and General Assembly and League of California Cities Annual Conference) from live events to virtual events, eliminating staff registration, travel and lodging expenses. Liabilities increased during the current year because \$6,000 in funds contributed by Annual Dinner Sponsors (SCAG and Southern California Edison) became unearned income and thus were entered as a liability.

Table 2  
 Changes in Net Position  
 For the Year Ended:

	Governmental Activities		Percent Change
	2020	2019	
Revenues			
Program revenues			
Charges for Services	\$ 255	\$ 7,167	-96.4%
Operating Grants and Contributions	64,992	64,992	0.0%
General Revenues			
Investment earnings	310	20	1450.0%
Total Revenues	<u>65,557</u>	<u>72,179</u>	-9.2%
Expenses			
General government	55,208	85,075	-35.1%
Change in Net Position	10,349	(12,896)	-180.2%
Net position - beginning of year	<u>97,312</u>	<u>110,208</u>	-11.7%
Net position - end of year	<u>\$ 107,661</u>	<u>\$ 97,312</u>	10.6%

### Financial Analysis of the General Operating Fund

VCOG maintains a single government fund called the General Fund. As of June 30, 2020, total revenues, assets, liabilities and expenditures of the General Fund are the same as total assets, liabilities, revenues and expenses as shown on the government-wide financial statements.

VCOG's revenues for fiscal year 2019-2020 came from membership dues, charges for 2019 Annual Dinner Ticket Sales, and investment income. Investment income increased due to the purchase of a certificate of deposit. There were no changes in the dues structure from fiscal year 2018-19 to fiscal year 2019-20.

### General Operating Fund Budgetary Highlights

The VCOG Council adopted a formal budget for the fiscal year ended June 30, 2020 on May 9, 2019. The new budget featured a reduction in expenses as there was no research grant expenditures planned for the year.

### Contacting VCOG Management

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the VCOG Executive Director, 33 East High Street, Suite 200, Moorpark, CA 93021, P.O. Box 157, Moorpark, California 93020.

Ventura Council of Governments  
Statement of Net Position  
June 30, 2020  
(With Comparative Totals for June 30, 2019)

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	Governmental Activities	
	2020	2019
Assets		
Cash and Cash Equivalents (Note 2)	\$ 120,047	\$ 99,546
Accounts Receivable	-	3,874
Total Assets	120,047	103,420
Liabilities		
Accounts Payable	6,386	
Unearned Income	6,000	6,108
Total Liabilities	12,386	12,216
Net Position		
Unrestricted	107,661	97,312
Total Net Position	\$ 107,661	\$ 97,312

Ventura Council of Governments

Statement of Activities

For the year ended June 30, 2020

(With Comparative Totals for the year ended June 30, 2019)

	Program Revenues		Governmental Activities	
	Charges for Services	Operating Grants and Contributions	2020 Net (Expense) Revenue	2019 Net (Expense) Revenue
Governmental Activities: General Government	<u>\$ 55,208</u>	<u>\$ 64,992</u>	<u>\$ 10,039</u>	<u>\$ (12,916)</u>
General Revenues:				
Unrestricted Investment Earnings			<u>310</u>	<u>20</u>
Change in Net Position			10,349	(12,896)
Net Position at Beginning of Year			<u>97,312</u>	<u>110,208</u>
Net Position at End of Year			<u>\$ 107,661</u>	<u>\$ 97,312</u>

Ventura Council of Governments  
 Governmental Funds Balance Sheet – General Fund  
 June 30, 2020  
 (With Comparative Totals for June 30, 2019)

	2020	2019
<b>Assets</b>		
Cash and Cash Equivalents (Note 2)	\$ 120,047	\$ 99,546
Accounts Receivable	-	3,874
Total Assets	\$ 120,047	\$ 103,420
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 6,386	\$ -
Unearned Income	6,000	6,108
Total Liabilities	12,386	6,108
<b>Fund Balances</b>		
Committed	67,000	67,000
Unassigned	40,661	30,312
Total Fund Balances	107,661	97,312
Total Liabilities and Fund Balances	\$ 120,047	\$ 103,420

Ventura Council of Governments

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund  
Year Ended June 30, 2020  
(With Comparative Totals for June 30, 2019)

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	2020	2019
Revenues		
Charges for Services	\$ 255	\$ 7,167
Contributions	64,992	64,992
Investment Income	310	20
Total Revenues	65,557	72,179
Expenditures		
Current		
General Government:		
Professional Services	50,178	68,787
Operations	1,267	4,499
Travel and Meetings	1,994	10,076
Other	1,769	1,713
Total Expenditures	55,208	85,075
Net Change in Fund Balances	10,349	(12,896)
Fund Balance, Beginning of Year	97,312	110,208
Fund Balance, End of Year	\$ 107,661	\$ 97,312

**Note 1 - Summary of Significant Accounting Policies**

**Reporting Entity:** The Ventura Council of Governments (Council) was established by a voluntary joint powers agreement on December 1, 1992 representing the 10 cities within Ventura County as well as the County. This Joint Powers Agency was established under Organization of Title 1, Division 7, Chapter 5 of the California Government Code Section 6503.5. The purpose of the Council is to facilitate cooperative sub-regional and regional planning, coordination and technical assistance on issues of mutual concern.

There are many other governmental agencies, including the County of Ventura and the Ventura County Transportation Commission, providing services within the area served by the Council. These other governmental agencies have independently elected governing boards and consequently are not under the direction of the Council. Financial information for these agencies is not included in the accompanying financial statements.

**Financial Statement Presentation:** The Council's basic financial statements consist of government-wide financial statements, including a statement of net position and statement of activities, and fund financial statements.

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB).

**Government-Wide Financial Statements:** The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Council. These statements report governmental activities, which normally are supported by general and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. For the Council, contributions represent member agency dues. Investment earnings and other items not properly included among program revenues are reported instead as general revenues.

In the fiscal year ended June 30, 2020, the government-wide financial statements under full accrual were the same as the fund financial statements under modified accrual.

**Fund Financial Statements:** The underlying accounting system of the Council is organized and operated on the basis of separate funds, each of which is considered to be 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. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the Council's governmental funds are presented after the government-wide financial statements. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. The Council has only one fund, the General Fund. The General Fund is the general operating fund of the Council.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

Revenues susceptible to accrual include member agency dues and interest revenue.

**Cash and Cash Equivalents:** The Council maintains cash and cash equivalents in accordance with its investment policy. The investment policy complies with, or is more restrictive than, applicable state statutes.

The cash of the Council is deposited in an interest-bearing bank account.

**Fund Balance:** The Council maintains its equity in accordance with the fund balance policy.

In the fund financial statements, governmental funds report non-spendable, restricted, committed, assigned and unassigned fund balances to identify the extent to which the Council is bound to honor constraints on the specific purposes for which amounts can be spent.

**Non-spendable fund balance:** Includes assets that are not in spendable form (i.e. prepaid items) or are legally or contractually required to be maintained intact (i.e. permanent endowments).

**Restricted fund balance:** Includes amounts that are constrained by the specific purpose stipulated by external resource providers and/or imposed constitutionally or by enabling legislation.

**Committed fund balance:** Includes amounts that can be used for specific purposes determined by formal action of the government's highest level of decision-making authority by resolution or formal board action. The Board of Directors, as the Council's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken. Committed amounts cannot be used for any other purpose unless the Council removes or changes the specific use through the same type of formal action taken to establish the commitment. As of June 30, 2020, total committed fund balance was \$67,000.

**Assigned fund balance:** Includes amounts that are intended by the government to be used for specific purposes, but are neither committed nor restricted. The Council has designated the authority to assign amounts used for specific purposes to the Executive Director.

**Unassigned fund balance:** Includes the residual funds for the General Fund and all amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first and then unrestricted resources in the following manner: committed, assigned and unassigned.

**Net Position:** In the government-wide financial statements, net position represents the difference between assets and liabilities and is classified as unrestricted net position.

**Unrestricted net position** represents those assets that are available for general use.

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

**Use of Estimates:** The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**Unearned Income:** Unearned income is money received by an individual or company for a service or product that has yet to be provided or delivered. The Council's Unearned Income consists of the Annual Dinner sponsorship collected in FY 2019-20 which became unavailable due to the cancellation of FY 2019-20 Annual Dinner due to the COVID-19 Pandemic.

**Prior Year Data:** Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's prior year financial statements for the year ended June 30, 2019, from which this selected financial data was derived.

**Implementation of New GASB Pronouncements:**

**Adopted in the Current Year:**

GASB Statement No. 95 – The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The Council has determined that the requirements of these statements do not have a material impact to the financial statements.

**Effective in Future Fiscal Years:** The GASB has issued the following pronouncements prior to June 30, 2020, that have effective dates which may impact future financial statement presentation. The effect of these statements is currently under review by the Council:

GASB Statement No. 84, *Fiduciary Activities*

GASB Statement No. 87, *Leases*

GASB Statement No. 89, *Accounting For Interest Cost Incurred Before the End of a Construction Period*

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

GASB Statement No. 91, *Conduit Debt Obligations*

GASB Statement No. 92, *Omnibus 2020*

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

## **Note 2 - Cash and Cash Equivalents**

The unexpended cash of the Council is deposited in an interest-bearing bank account. The carrying value of cash as of June 30, 2020 was \$120,047.

**Investments Authorized by the Council's Investment Policy:** The table below identifies the investment types that are authorized for the Council by the California Government Code and the Council's investment policy. The table also identifies certain provisions of the California Government Code (or the Council's investment policy, if more restrictive) that addresses interest rate risk, credit risk, and concentration of credit risk.

**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 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 and the Council's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Council deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The first \$250,000 of the deposit balance is federally insured and the remaining balance is collateralized in accordance with the California Government Code.

**Note 3 - Risk Management**

The Council has general liability insurance coverage. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. There have been no claims or insurance settlements for the past three years and the Council has no liability at June 30, 2020 for unpaid claims.

**Note 4 - Support Services**

The Council has no employees. The Council contracts with its current Executive Director. During the fiscal year ended June 30, 2020, the Council paid \$45,188 for Executive Director support services to perform management and administrative services. The expenditures for the Council are included in professional services in the fund financial statements.

**Note 5 - Commitments and Contingencies**

The Council's management is not aware of any outstanding claims or litigation. The Council has limited revenue sources from member dues. It is dependent on continued available funding.



Required Supplementary Information  
June 30, 2020

## Ventura Council of Governments

Ventura Council of Governments  
 General Fund Budgetary Comparison Schedule  
 Year Ended June 30, 2020

	2020		2020 Actual	Variances with Final Budget
	Budgeted Amounts			Positive
	Original	Final		(Negative)
<b>Revenues:</b>				
Charges for Services	\$ 3,500	\$ 3,500	\$ 255	\$ (3,245)
Contributions	64,992	64,992	64,992	-
Investment Income	508	508	310	(198)
<b>Total Revenues</b>	<b>69,000</b>	<b>69,000</b>	<b>65,557</b>	<b>(3,443)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Professional Services	52,000	52,000	50,178	1,822
Operations	2,400	2,400	1,267	1,133
Travel and Meetings	12,900	12,900	1,994	10,906
Other	1,700	1,700	1,769	(69)
<b>Total Expenditures</b>	<b>69,000</b>	<b>69,000</b>	<b>55,208</b>	<b>13,792</b>
Net Change in Fund Balances	-	-	10,349	10,349
Fund Balance, Beginning of Year	97,312	97,312	97,312	-
Fund Balance, End of Year	\$ 97,312	\$ 97,312	\$ 107,661	\$ 10,349

**Note 1 - Budgetary Data**

The annual budget serves the fiscal period from July 1 through June 30 and is a vehicle that accurately and openly communicates the Council's priorities to the community, businesses, vendors and other public agencies. Also, the budget provides the foundation of financial planning by providing resources planning and controls that permit the evaluation and adjustment of the Council's performance.

Budgets are prepared in accordance with generally accepted accounting principles using the modified accrual basis of accounting. Budgeted amounts are as originally adopted, or as amended in accordance with prescribed procedures throughout the fiscal year.

The adopted budget can be amended by the Council Board to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations require approval by the Council Board. Expenditures may not exceed total appropriations at the individual object level. Any transfer of appropriations between object levels is delegated by the Council Board to the Executive Director. It is the practice of the Council's management to review the budget quarterly and, if necessary, recommend changes to the Board.

The legal level for budgetary control (the level at which expenditures may not legally exceed appropriations) is at the object level. Any transfer of appropriations between object levels within the same budget unit must be authorized by the Council Board.

**Note 2 - Expenditures in Excess of Appropriations**

Expenditures for the year ended June 30, 2020, exceeded appropriations in the following categories:

- Other General Government expenditures exceeded the legal level for budgetary control by \$69 due to increased Special Liability Insurance (SLIP) fee paid to Alliant Insurance Services, Inc.