

**LAKE COUNTY/CITY AREA
PLANNING COUNCIL,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2019**

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LAKE COUNTY/CITY AREA PLANNING COUNCIL
Annual Financial Report
For the Year Ended June 30, 2019

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INTRODUCTORY SECTION

- **List of Officials**

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LAKE COUNTY/CITY AREA PLANNING COUNCIL

List of Officials

For the Year Ended June 30, 2019

Board of Directors

Bruno Sabatier	Supervisor, County of Lake
Moke Simon	Supervisor, County of Lake
Stacey Mattina	City Council Member, City of Lakeport
Kenneth Parlet	City Council Member, City of Lakeport
Russell Perdock	City Council Member, City of Lakeport
Russ Cremer	City Council Member, City of Lakeport
Chuck Leonard	Member at Large

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining Nonmajor Fund Financial Statements**
- **Schedules of Allocations and Expenditures**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lake County/City Area Planning Council
Lakeport, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lake County/City Area Planning Council, Lakeport, California (Council), as of and for the year ended June 30, 2019, 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.

To the Board of Directors
Lake County/City Area Planning Council
Lakeport, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Council as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As more fully described in Note 7A to the financial statements, subsequent to June 30, 2019 citizens and the economies of the United States and other countries have been significantly impacted by the coronavirus (COVID-19) pandemic. While it is premature to accurately predict how the coronavirus will ultimately affect the Council's operations because the diseases severity and duration are uncertain, we expect the 2020 financial results too will be significantly impacted and the implications beyond 2020, while unclear, could also be adversely impacted. Our opinion is not modified with respect to this matter and no pandemic implications are accounted for in these financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The introductory section, combining nonmajor fund financial statements, and Schedules of Allocations and Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Board of Directors
Lake County/City Area Planning Council
Lakeport, California

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

The introductory section has 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.

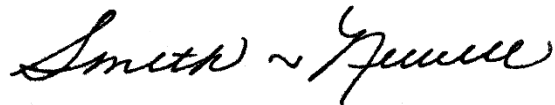
Report on Summarized Comparative Information

The financial statements include summarized prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended June 30, 2018, from which such partial information was derived.

We have previously audited the Council's June 30, 2018 financial statements and our report, dated April 30, 2019, expressed an unmodified opinion on the financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 27, 2020 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.



Smith & Newell CPAs
Yuba City, California
May 27, 2020

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Basic Financial Statements

- **Government-Wide Financial Statements**

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LAKE COUNTY/CITY AREA PLANNING COUNCIL
Statement of Net Position
June 30, 2019

	Total Governmental Activities
ASSETS	
Cash and investments	\$ 2,045,478
Receivables:	
Intergovernmental	538,283
Sales tax	276,572
Advance to Lake Transit Authority	300,000
Total Assets	3,160,333
LIABILITIES	
Accounts payable	259,981
Total Liabilities	259,981
NET POSITION	
Restricted for:	
Unallocated apportionments	64,532
Transportation	2,835,820
Total Net Position	\$ 2,900,352

The notes to the basic financial statements are an integral part of this statement.

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Statement of Activities
For the Year Ended June 30, 2019

<u>Functions/Programs:</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>	
Governmental activities:					
Transportation	\$ 4,125,843	\$ -	\$ 4,077,445	\$ -	\$ (48,398)
Total Governmental Activities	4,125,843	-	4,077,445	-	(48,398)
Total	\$ 4,125,843	\$ -	\$ 4,077,445	\$ -	(48,398)
 General revenues:					
Interest and investment earnings					49,810
Total General Revenues					49,810
 Change in Net Position					
					1,412
 Net Position - Beginning					2,898,940
 Net Position - Ending					\$ 2,900,352

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements

- **Fund Financial Statements**

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LAKE COUNTY/CITY AREA PLANNING COUNCIL

**Balance Sheet
Governmental Funds
June 30, 2019**

(With summarized comparative totals for June 30, 2018)

	Local Transportation	State Transit Assistance	Work Program	Administration
ASSETS				
Cash and investments	\$ 370,612	\$ 61	\$ 15,258	\$ 31,854
Receivables:				
Intergovernmental	-	153,710	355,148	-
Sales tax	276,572	-	-	-
Advance to Lake Transit Authority	300,000	-	-	-
Total Assets	\$ 947,184	\$ 153,771	\$ 370,406	\$ 31,854
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 258,425	\$ 100
Total Liabilities	-	-	258,425	100
FUND BALANCES				
Restricted	947,184	153,771	111,981	31,754
Total Fund Balances	947,184	153,771	111,981	31,754
Total Liabilities and Fund Balances	\$ 947,184	\$ 153,771	\$ 370,406	\$ 31,854

The notes to the basic financial statements are an integral part of this statement.

Regional Surface Transportation Program	Service Authority for Freeway Emergencies	Other Governmental Funds	Totals	
			2019	2018
\$ 279,583	\$ 945,932	\$ 402,178	\$ 2,045,478	\$ 2,091,732
-	14,233	15,192	538,283	347,600
-	-	-	276,572	258,959
-	-	-	300,000	300,000
<u>\$ 279,583</u>	<u>\$ 960,165</u>	<u>\$ 417,370</u>	<u>\$ 3,160,333</u>	<u>\$ 2,998,291</u>
<u>\$ -</u>	<u>\$ 1,456</u>	<u>\$ -</u>	<u>\$ 259,981</u>	<u>\$ 99,351</u>
<u>-</u>	<u>1,456</u>	<u>-</u>	<u>259,981</u>	<u>99,351</u>
<u>279,583</u>	<u>958,709</u>	<u>417,370</u>	<u>2,900,352</u>	<u>2,898,940</u>
<u>279,583</u>	<u>958,709</u>	<u>417,370</u>	<u>2,900,352</u>	<u>2,898,940</u>
<u>\$ 279,583</u>	<u>\$ 960,165</u>	<u>\$ 417,370</u>	<u>\$ 3,160,333</u>	<u>\$ 2,998,291</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2019

Total Fund Balances - Total Governmental Funds	\$ 2,900,352
No adjustments were needed to reconcile the governmental funds balance sheet to the government-wide statement of net position.	<u>-</u>
Net Position of Governmental Activities	<u><u>\$ 2,900,352</u></u>

The notes to the basic financial statements are an integral part of this statement.

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LAKE COUNTY/CITY AREA PLANNING COUNCIL
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019
(With summarized comparative totals for June 30, 2018)

	<u>Local Transportation</u>	<u>State Transit Assistance</u>	<u>Work Program</u>	<u>Administration</u>
REVENUES				
Intergovernmental revenues:				
Local Transportation fund	\$ 1,607,461	\$ -	\$ -	\$ -
State Transit Assistance fund	-	578,211	-	-
Local Transportation fund allocation	-	-	54,122	323,061
Rural Planning Assistance	-	-	273,685	-
FTA Section 5304	-	-	174,553	-
Planning, Programming, and Monitoring	-	-	35,000	-
State Highway Account	-	-	102,197	-
Regional Surface Transportation Program	-	-	-	-
State of Good Repair	-	-	-	-
Vehicle registration fees	-	-	-	-
Use of money	11,302	602	-	-
Total Revenues	<u>1,618,763</u>	<u>578,813</u>	<u>639,557</u>	<u>323,061</u>
EXPENDITURES				
Current transportation:				
Planning and administration	434,854	-	729,784	329,423
Regional transit services	1,051,066	603,363	-	-
RSTP pass-through	-	-	-	-
Pedestrian and bicycle allocation	23,068	-	-	-
Total Expenditures	<u>1,508,988</u>	<u>603,363</u>	<u>729,784</u>	<u>329,423</u>
Net Change in Fund Balances	109,775	(24,550)	(90,227)	(6,362)
Fund Balances - Beginning	<u>837,409</u>	<u>178,321</u>	<u>202,208</u>	<u>38,116</u>
Fund Balances - Ending	<u>\$ 947,184</u>	<u>\$ 153,771</u>	<u>\$ 111,981</u>	<u>\$ 31,754</u>

The notes to the basic financial statements are an integral part of this statement.

Regional Surface Transportation Program	Service Authority for Freeway Emergencies	Other Governmental Funds	Totals	
			2019	2018
\$ -	\$ -	\$ -	\$ 1,607,461	\$ 1,604,378
-	-	-	578,211	435,547
-	-	80,739	457,922	449,418
-	-	-	273,685	295,516
-	-	-	174,553	27,124
-	-	-	35,000	76,000
-	-	-	102,197	-
615,369	-	-	615,369	563,490
-	-	152,080	152,080	91,869
-	80,967	-	80,967	79,768
14,615	18,668	4,623	49,810	23,645
<u>629,984</u>	<u>99,635</u>	<u>237,442</u>	<u>4,127,255</u>	<u>3,646,755</u>
-	29,569	132,349	1,655,979	1,326,232
-	-	63,448	1,717,877	1,299,670
728,919	-	-	728,919	502,834
-	-	-	23,068	22,547
<u>728,919</u>	<u>29,569</u>	<u>195,797</u>	<u>4,125,843</u>	<u>3,151,283</u>
(98,935)	70,066	41,645	1,412	495,472
<u>378,518</u>	<u>888,643</u>	<u>375,725</u>	<u>2,898,940</u>	<u>2,403,468</u>
<u>\$ 279,583</u>	<u>\$ 958,709</u>	<u>\$ 417,370</u>	<u>\$ 2,900,352</u>	<u>\$ 2,898,940</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2019

Net Change in Fund Balance - Total Governmental Funds	\$ 1,412
No adjustments were needed to reconcile the net change in fund balance to the change in net position.	<u>-</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,412</u></u>

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements

- **Notes to Basic Financial Statements**

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LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Lake County/City Area Planning Council, the regional transportation planning agency for the County of Lake, was established in 1972 pursuant to the Transportation Development Act. The Council is responsible for transportation planning activities as well as administration of the Local Transportation funds, State Transit Assistance fund, Transportation Planning fund, and the Bicycle/Pedestrian funds received from the State.

The Council receives monies and allocates these monies for the planning, management, and operation of public transportation systems within the County of Lake. The Council also has the authority to allocate monies for other transportation related activities including street and road projects.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Component Units

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the Council.

Related Organizations

The County of Lake performs various services for the Council including risk management through the County's risk management program. However, the County is not financially accountable for this organization and therefore the Council is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information on all the activities of the Council. These statements include only the financial activities of the Council. Eliminations have been made to minimize double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements report the governmental activities of the Council, which are normally supported by taxes and intergovernmental revenues. The Council had no business-type activities at June 30, 2019.

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues 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 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

Fund financial statements of the Council are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The funds of the Council are organized into the governmental category. The emphasis is placed on major funds. Each is displayed in a separate column.

The Council reports the following major governmental funds:

- The Local Transportation fund is a special revenue fund used to account for local transportation activities. Funding comes from transportation fund allocations.
- The State Transit Assistance fund is a special revenue fund used to account for receipt and expenditure of State Transit Assistance funds. Funding comes primarily from state transit assistance fund allocations.
- The Work Program fund is a special revenue fund used to account for monies expended in relation to the overall work program. Funding comes primarily from rural planning assistance, PPM, and other grants.
- The Administration fund is a special revenue fund used to account for monies expended in relation to local transportation fund administration. Funding comes primarily from local transportation fund allocations.
- The Regional Surface Transportation Program fund is a special revenue fund used to account for activity related to RSTP projects. Funding comes primarily from state grants.
- The Service Authority for Freeway Emergencies fund is a special revenue fund used to account for activity related to SAFE funding. Funding comes primarily from vehicle registration fees.

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Council gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales tax, grants, entitlements, and donations. Under the accrual basis, revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. Sales taxes, interest, and certain state and federal grants are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net position.

E. Cash and Investments

The Council pools all cash and investments with the County of Lake. The Lake County Treasury is an external investment pool for the Council and the Council is considered an involuntary participant. The Council's share in this pool is displayed in the accompanying financial statements as cash and investments.

Participant's equity in the investment pool is determined by the dollar amount of participants deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains and losses are not apportioned to pool participants.

F. Receivables

Receivables consist mainly of intergovernmental and sales tax revenues. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

G. Inventory

Inventories are recorded as expenditures at the time inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Advance to Lake Transit Authority

On May 17, 2018, the Council made an interest-free advance of 2019-20 Local Transportation Funds to Lake Transit Authority in the amount of \$300,000 to cover delays in reimbursable grant funding.

I. Capital Assets

Capital assets would be valued at historical cost, or estimated historical cost if actual historical cost was not available. Contributed capital assets would be recorded at their acquisition value on the date donated. Major outlays for capital assets and improvements would be capitalized as projects are constructed.

Capital assets used in operations would be depreciated or amortized using the straight-line method over its estimated useful life in the government-wide financial statements.

At June 30, 2019, the Council did not have any capital assets.

J. Compensated Absences and Other Postemployment Benefits

The Council does not currently have any employees. Therefore, there is no liability for compensated absences or other postemployment benefits.

K. Management Contract

The Council pays an administration fee to Davey-Bates Consulting for all administration and management of the Council. The total amount paid for administration and management for the year ended June 30, 2019 was \$295,728 and was included in expenditures in the Administration fund.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2019, the Council did not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2019, the Council did not have any deferred inflows of resources.

M. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 83, Certain Asset Retirement Obligations (AROs). This statement enhances the comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs including obligations that may not have been previously reported. This statement also enhances the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs.

Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements. This statement improves financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risk associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government’s future resource flows.

O. Future Accounting Pronouncements

The following GASB Statements will be implemented in future financial statements:

Statement No. 84 “Fiduciary Activities”	The requirements of this statement are effective for periods beginning after December 15, 2018. (FY 19/20)
Statement No. 87 “Leases”	The requirements of this statement are effective for periods beginning after December 15, 2019. (FY 20/21)
Statement No. 90 “Majority Equity Interests”	The requirements of this statement are effective for periods beginning after December 15, 2018. (FY 19/20)
Statement No. 91 “Conduit Debt Obligations”	The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)

NOTE 2: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2019, the Council’s cash and investments consisted of the following:

Investments:	
Lake County Treasurer’s pool	\$ 2,045,478
Total Cash and Investments	<u>\$ 2,045,478</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

B. Investments

The Council does not have a formal investment policy. At June 30, 2019, all investments of the Council were in the County of Lake investment pool. Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following:

- Banker's Acceptances
- Commercial Paper
- Local Agency Investment Fund (LAIF)
- Mutual Funds
- Medium Term Corporate Notes
- Negotiable Certificates of Deposit
- Repurchase Agreements
- Securities of the Federal Government or its Agencies
- State of California Obligations
- Local Agency Bonds
- Treasury Obligations
- Obligations of California Local Agencies

Fair Value of Investments - The Council measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The Council's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the Council's investment in external investment pools is not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2019, the Council had the following recurring fair value measurements.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
None	\$ -	\$ -	\$ -	\$ -
Total Investments Measured at Fair Value	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pool				
Lake County Treasurer's Pool	<u>2,045,478</u>			
Total Investments	<u>\$ 2,045,478</u>			

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses from increases in interest rates, the County limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2019, the Council's investments were all held with the County of Lake investment pool which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the Council will not be able to recover its deposits or collateral securities that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Council's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the County contain limitations on the amount that can be invested in any one issuer. All investments of the Council were in the Lake County investment pool which contains a diversification of investments.

C. Investment in External Pool

Lake County Pooled Investment Fund - The Lake County Pooled Investment Fund is a pooled investment fund program governed by the County which monitors and reviews the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value. Investments in the Lake County Pooled Investment fund are regarded as highly liquid as deposits and withdrawals can be made at any time without penalty. The Pool does not impose a maximum investment limit. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Lake's financial statements may be obtained by contacting the County of Lake Auditor-Controller's office at 255 North Forbes Street, Lakeport, CA 95453.

NOTE 3: NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3: NET POSITION (CONTINUED)

- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects, debt service requirements and other special revenue fund purposes.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

NOTE 4: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Council is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2019, fund balance for the governmental funds is made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the Council’s highest level of decision-making authority. The Board of Directors is the highest level of decision making authority for the Council that can, by Board action, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the Council’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the negative residual amount when expenditures incurred exceed the amounts that are restricted, committed, or assigned.

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 4: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2019, were distributed as follows:

	Local Transportation	State Transit Assistance	Work Program	Administration	Regional Surface Transportation Program	Service Authority of Freeway Emergencies	Other Governmental Funds	Total
Restricted for:								
Unallocated								
Apportionments	\$ 38,239	\$ 26,293	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,532
Transportation	908,945	127,478	111,981	31,754	279,583	958,709	417,370	2,835,820
Total	<u>\$ 947,184</u>	<u>\$ 153,771</u>	<u>\$ 111,981</u>	<u>\$ 31,754</u>	<u>\$ 279,583</u>	<u>\$ 958,709</u>	<u>\$ 417,370</u>	<u>\$ 2,900,352</u>

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policy

The Board of Directors has adopted a formal fund balance or minimum fund balance policy by passage of an ordinance.

NOTE 5: RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council is covered under the County of Lake's risk management programs.

NOTE 6: RELATED PARTY TRANSACTIONS

The County of Lake provides accounting and risk management services for the Council. Related party expenditures incurred for the fiscal year ended June 30, 2019 were \$6,000.

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 7: OTHER INFORMATION

A. Subsequent Events

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Council could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The Council has not included any contingencies in the financial statements specific to this issue.

Management has evaluated events subsequent to June 30, 2019 through May 27, 2020, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

**Required Supplementary Information
(Unaudited)**

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LAKE COUNTY/CITY AREA PLANNING COUNCIL
Required Supplementary Information
Budgetary Comparison Schedule
Local Transportation - Major Special Revenue Fund
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local Transportation fund	\$ 1,986,653	\$ 2,197,189	\$ 1,607,461	\$ (589,728)
Use of money	-	-	11,302	11,302
Total Revenues	<u>1,986,653</u>	<u>2,197,189</u>	<u>1,618,763</u>	<u>(578,426)</u>
EXPENDITURES				
Current transportation:				
Planning and administration	854,848	1,124,612	434,854	689,758
Regional transit services	1,051,066	1,032,099	1,051,066	(18,967)
Pedestrian and bicycle allocation	154,624	154,624	23,068	131,556
Total Expenditures	<u>2,060,538</u>	<u>2,311,335</u>	<u>1,508,988</u>	<u>802,347</u>
Net Change in Fund Balances	(73,885)	(114,146)	109,775	223,921
Fund Balances - Beginning	<u>837,409</u>	<u>837,409</u>	<u>837,409</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 763,524</u>	<u>\$ 723,263</u>	<u>\$ 947,184</u>	<u>\$ 223,921</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Required Supplementary Information
Budgetary Comparison Schedule
State Transit Assistance - Major Special Revenue Fund
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
State Transit Assistance fund	\$ 482,518	\$ 616,167	\$ 578,211	\$ (37,956)
Use of money	-	-	602	602
Total Revenues	<u>482,518</u>	<u>616,167</u>	<u>578,813</u>	<u>(37,354)</u>
EXPENDITURES				
Current transportation:				
Regional transit services	<u>482,518</u>	<u>616,167</u>	<u>603,363</u>	<u>12,804</u>
Total Expenditures	<u>482,518</u>	<u>616,167</u>	<u>603,363</u>	<u>12,804</u>
Net Change in Fund Balances	-	-	(24,550)	(24,550)
Fund Balances - Beginning	<u>178,321</u>	<u>178,321</u>	<u>178,321</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 178,321</u>	<u>\$ 178,321</u>	<u>\$ 153,771</u>	<u>\$ (24,550)</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Required Supplementary Information
Budgetary Comparison Schedule
Work Program - Major Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Local Transportation fund allocation	\$ -	\$ 40,261	\$ 54,122	\$ 13,861
Rural Planning Assistance	294,000	330,921	273,685	(57,236)
FTA Section 5304	177,060	250,064	174,553	(75,511)
FTA Section 5311	356,848	356,848	-	(356,848)
Planning, Programming, and Monitoring	104,077	107,364	35,000	(72,364)
State Highway Account	-	295,863	102,197	(193,666)
Total Revenues	931,985	1,381,321	639,557	(741,764)
EXPENDITURES				
Current transportation:				
Overall Work Program:				
600 - Regional planning and intergovernmental coordination	139,071	139,071	116,212	22,859
601 - TDA activities and coordination	42,034	42,034	27,974	14,060
602 - Transit planning and performance monitoring	12,552	12,552	12,476	76
605 - Federal and state grant preparation, monitoring program	40,060	40,060	30,995	9,065
606 - Speed zone studies	14,360	14,360	14,360	-
607 - Special studies	41,953	41,953	35,927	6,026
608 - Planning, programming & monitoring	30,500	30,500	21,337	9,163
609 - Eleventh Street corridor study	166,800	166,800	53,535	113,265
610 - Active transportation	15,500	15,500	13,229	2,271
611 - Pavement management program inventory update	32,641	32,641	32,641	-
612 - Countywide technology support services	1,930	1,930	1,930	-
613 - Transportation information outreach	2,500	2,500	2,500	-
614 - Countywide sign inventory project	133,727	133,727	101,697	32,030
615 - Hwy 20 Northshore traffic calming plan and EFS	167,400	167,400	61,903	105,497
616 - Training	5,103	5,103	4,062	1,041
618 - LTA bus passenger facilities plan	123,844	123,844	91,540	32,304
619 - Lake County pedestrian facility needs inventory and EFS	158,620	158,620	104,234	54,386
Reserve LTF	20,000	20,000	3,232	16,768
Total Expenditures	1,148,595	1,148,595	729,784	418,811
Net Change in Fund Balances	(216,610)	232,726	(90,227)	(322,953)
Fund Balances - Beginning	202,208	202,208	202,208	-
Fund Balances - Ending	\$ (14,402)	\$ 434,934	\$ 111,981	\$ (322,953)

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Required Supplementary Information
Budgetary Comparison Schedule
Administration - Major Special Revenue Fund
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local Transportation fund allocation	\$ 442,338	\$ 618,711	\$ 323,061	\$ (295,650)
Total Revenues	<u>442,338</u>	<u>618,711</u>	<u>323,061</u>	<u>(295,650)</u>
EXPENDITURES				
Current transportation:				
Planning and administration	442,338	618,711	329,423	289,288
Total Expenditures	<u>442,338</u>	<u>618,711</u>	<u>329,423</u>	<u>289,288</u>
Net Change in Fund Balances	-	-	(6,362)	(6,362)
Fund Balances - Beginning	<u>38,116</u>	<u>38,116</u>	<u>38,116</u>	-
Fund Balances - Ending	<u>\$ 38,116</u>	<u>\$ 38,116</u>	<u>\$ 31,754</u>	<u>\$ (6,362)</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Required Supplementary Information
Budgetary Comparison Schedule
Regional Surface Transportation Program - Major Special Revenue Fund
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Other State grants	\$ 615,369	\$ 993,888	\$ 615,369	\$ (378,519)
Use of money	-	-	14,615	14,615
Total Revenues	<u>615,369</u>	<u>993,888</u>	<u>629,984</u>	<u>(363,904)</u>
EXPENDITURES				
Current transportation: RSTP pass-through	<u>1,230,738</u>	<u>1,609,257</u>	<u>728,919</u>	<u>880,338</u>
Total Expenditures	<u>1,230,738</u>	<u>1,609,257</u>	<u>728,919</u>	<u>880,338</u>
Net Change in Fund Balances	(615,369)	(615,369)	(98,935)	516,434
Fund Balances - Beginning	<u>378,518</u>	<u>378,518</u>	<u>378,518</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (236,851)</u>	<u>\$ (236,851)</u>	<u>\$ 279,583</u>	<u>\$ 516,434</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Required Supplementary Information
Budgetary Comparison Schedule
Service Authority for Freeway Emergencies - Major Special Revenue Fund
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Vehicle registration fees	\$ -	\$ -	\$ 80,967	\$ 80,967
Use of money	-	-	18,668	18,668
Total Revenues	<u>-</u>	<u>-</u>	<u>99,635</u>	<u>99,635</u>
EXPENDITURES				
Current transportation:				
Planning and administration	41,824	41,824	29,569	12,255
Total Expenditures	<u>41,824</u>	<u>41,824</u>	<u>29,569</u>	<u>12,255</u>
Net Change in Fund Balances	(41,824)	(41,824)	70,066	111,890
Fund Balances - Beginning	<u>888,643</u>	<u>888,643</u>	<u>888,643</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 846,819</u>	<u>\$ 846,819</u>	<u>\$ 958,709</u>	<u>\$ 111,890</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Required Supplementary Information
Note to Budgetary Comparison Schedule
For the Year Ended June 30, 2019

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The Council presents a comparison of annual budget to actual results for all major special revenue funds. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The Council follows these procedures annually in establishing the budgetary data reflected in the financial statements:

- (1) The Executive Director submits to the Board of Directors a recommended draft budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The Board of Directors reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to July 1, the budget is adopted through the passage of a resolution.
- (4) The Board of Directors may amend the budget by motion during the fiscal year.

The Council does not use encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

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Combining Nonmajor Fund Financial Statements

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LAKE COUNTY/CITY AREA PLANNING COUNCIL
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
June 30, 2019

	Local Transportation 2% Reserve	Planning	Transportation Enhancement Act	Consolidated Transportation Services
ASSETS				
Cash and investments	\$ 154,626	\$ 1	\$ 7,013	\$ 134,490
Receivables:				
Intergovernmental	-	-	-	-
Total Assets	\$ 154,626	\$ 1	\$ 7,013	\$ 134,490
LIABILITIES				
Accounts payable	-	-	-	-
Total Liabilities	-	-	-	-
FUND BALANCES				
Restricted	154,626	1	7,013	134,490
Total Fund Balances	154,626	1	7,013	134,490
Total Liabilities and Fund Balances	\$ 154,626	\$ 1	\$ 7,013	\$ 134,490

<u>State of Good Repair</u>	<u>Totals</u>
\$ 106,048	\$ 402,178
15,192	15,192
\$ 121,240	\$ 417,370
\$ -	\$ -
-	-
121,240	417,370
121,240	417,370
\$ 121,240	\$ 417,370

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended June 30, 2019

	Local Transportation 2% Reserve	Planning	Transportation Enhancement Act	Consolidated Transportation Services
REVENUES				
Intergovernmental revenues:				
Local Transportation fund allocation	\$ 23,068	\$ -	\$ -	\$ 57,671
State of Good Repair	-	-	-	60,928
Use of money	-	-	144	2,812
Total Revenues	<u>23,068</u>	<u>-</u>	<u>144</u>	<u>121,411</u>
EXPENDITURES				
Current transportation:				
Planning and administration	-	-	-	132,349
Regional transit services	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,349</u>
Net Change in Fund Balances	23,068	-	144	(10,938)
Fund Balances - Beginning	<u>131,558</u>	<u>1</u>	<u>6,869</u>	<u>145,428</u>
Fund Balances - Ending	<u>\$ 154,626</u>	<u>\$ 1</u>	<u>\$ 7,013</u>	<u>\$ 134,490</u>

<u>State of Good Repair</u>	<u>Totals</u>
\$ -	\$ 80,739
91,152	152,080
1,667	4,623
<u>92,819</u>	<u>237,442</u>
-	132,349
<u>63,448</u>	<u>63,448</u>
<u>63,448</u>	<u>195,797</u>
29,371	41,645
<u>91,869</u>	<u>375,725</u>
<u>\$ 121,240</u>	<u>\$ 417,370</u>

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Schedules of Allocations and Expenditures

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LAKE COUNTY/CITY AREA PLANNING COUNCIL
Schedule of Allocations and Expenditures
Local Transportation Fund
For the Year Ended June 30, 2019

	Beginning Allocations as Adjusted	Allocated	Expended	Rescinded	Ending Allocations as Adjusted
Lake County/City Area Planning Council					
99400(c)	\$ 14,173	\$ 54,122	\$ (54,122)	\$ -	\$ 14,173
99233.1	-	323,061	(323,061)	-	-
99233.3	6,930	23,068	(23,068)	-	6,930
99233.7	-	57,671	(57,671)	-	-
Total Lake County/City Area Planning Council	<u>21,103</u>	<u>457,922</u>	<u>(457,922)</u>	<u>-</u>	<u>21,103</u>
Lake Transit Authority					
99260(a)	6,293	1,051,066	(1,051,066)	-	6,293
99262	10,843	-	-	-	10,843
Total Lake Transit Authority	<u>17,136</u>	<u>1,051,066</u>	<u>(1,051,066)</u>	<u>-</u>	<u>17,136</u>
Totals	<u>\$ 38,239</u>	<u>\$ 1,508,988</u>	<u>\$ (1,508,988)</u>	<u>\$ -</u>	<u>\$ 38,239</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Schedule of Allocations and Expenditures
State Transit Assistance Fund
For the Year Ended June 30, 2019

	<u>Beginning Allocations as Adjusted</u>	<u>Allocated</u>	<u>Expended</u>	<u>Rescinded</u>	<u>Ending Allocations as Adjusted</u>
Lake County/City Area Planning Council 99313.3	\$ 147,138	\$ 482,518	\$ (603,363)	\$ -	\$ 26,293
Total Lake County/City Area Planning Council	<u>\$ 147,138</u>	<u>\$ 482,518</u>	<u>\$ (603,363)</u>	<u>\$ -</u>	<u>\$ 26,293</u>

OTHER REPORT

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**INDEPENDENT AUDITOR'S 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 RULES AND
REGULATIONS OF THE TRANSPORTATION DEVELOPMENT ACT**

To the Board of Directors
Lake County/City Area Planning Council
Lakeport, California

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 the applicable fiscal audit requirements of the Transportation Development Act including Public Utilities Code Section 99245 and the California Code of Regulations Title 21, Section 6662, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lake County/City Area Planning Council (Council), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated May 27, 2020.

Internal Control Over Financial Reporting

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

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

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

To the Board of Directors
Lake County/City Area Planning Council
Lakeport, California

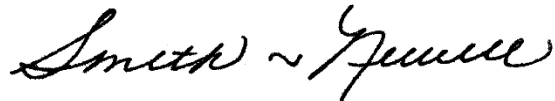
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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.

Additionally, we performed tests to determine that allocations made and expenditures paid by the Council were made in accordance with the allocation instructions and resolutions of the Council and in conformance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Title 21, Section 6666 that are applicable to the Council and tests to determine that certain state funds were received and expended in accordance with applicable bond act and state accounting requirements. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported.

Purpose of this Report

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



Smith & Newell CPAs
Yuba City, California
May 27, 2020