

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

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2015**

**THIS PAGE INTENTIONALLY LEFT BLANK**

# LAKE COUNTY/CITY AREA PLANNING COUNCIL

## Annual Financial Report For the Year Ended June 30, 2015

### Table of Contents

	Page
<b>INTRODUCTORY SECTION</b>	
List of Officials. . . . .	i
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report . . . . .	1-3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position. . . . .	4
Statement of Activities. . . . .	5
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet. . . . .	6
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide	
Statement of Net Position - Governmental Activities. . . . .	7
Statement of Revenues, Expenditures, and Changes in Fund Balances.. . . .	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Government-Wide Statement	
of Activities - Governmental Activities. . . . .	9
Notes to Basic Financial Statements. . . . .	10-19
Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedule - Local Transportation Commission. . . . .	20
Budgetary Comparison Schedule - State Transit Assistance. . . . .	21
Budgetary Comparison Schedule - Work Program. . . . .	22
Budgetary Comparison Schedule - Regional Surface Transportation Program. . . . .	23
Budgetary Comparison Schedule - Service Authority for Freeway Emergencies. . . . .	24
Note to Budgetary Comparison Schedules. . . . .	25
Combining Nonmajor Fund Financial Statements:	
Special Revenue Funds:	
Combining Balance Sheet.. . . .	26
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances. . . . .	27
Schedule of Allocations and Expenditures - Local Transportation Fund. . . . .	28
Schedule of Allocations and Expenditures - State Transit Assistance Fund.. . . .	29
<b>OTHER REPORT AND SCHEDULES:</b>	
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. . . . .	30-31
Schedule of Findings and Recommendations. . . . .	32
Schedule of Prior Year Findings and Recommendations. . . . .	33

**THIS PAGE INTENTIONALLY LEFT BLANK**

---

## **INTRODUCTORY SECTION**

- **List of Officials**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**LAKE COUNTY/CITY AREA PLANNING COUNCIL**  
**Board of Directors**  
**For the Year Ended June 30, 2015**

Jim Comstock.....	Supervisor, County of Lake
Jeff Smith .....	Supervisor, County of Lake
Anthony Farrington. ....	Supervisor, County of Lake
Stacey Mattina. ....	City Council Member, City of Lakeport
Martin Scheel.....	City Council Member, City of Lakeport
Marc Spillman. ....	City Council Member, City of Lakeport
Denise Loustalot. ....	City Council Member, City of Clearlake
Russell Perdock. ....	City Council Member, City of Clearlake
Bruno Sabatier. ....	City Council Member, City of Clearlake
Marsha Wharff.....	Member at Large
Chuck Leonard.....	Member at Large

**THIS PAGE INTENTIONALLY LEFT BLANK**



---

## **FINANCIAL SECTION**

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**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, 2015, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 10 to the financial statements, in 2015, the Council implemented, if applicable, new accounting guidance GASB Statement Nos. 68, 69, and 71. Our opinion is not modified with respect to this matter.

## **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 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.

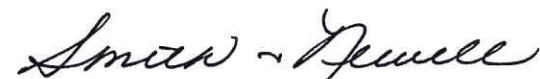
*Report on Summarized Comparative Information*

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, 2014, from which such partial information was derived.

We have previously audited Council's June 30, 2014 financial statements and our report, dated April 27, 2015, 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, 2014, 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 April 4, 2016 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Council's internal control over financial reporting and compliance.

  
Smith & Newell CPAs  
Yuba City, California  
April 4, 2016

**THIS PAGE INTENTIONALLY LEFT BLANK**

---

## **Basic Financial Statements**

- **Government-Wide Financial Statements**

**THIS PAGE INTENTIONALLY LEFT BLANK**



**LAKE COUNTY/CITY AREA PLANNING COUNCIL**  
**Statement of Net Position**  
**June 30, 2015**

	<u><b>Total Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and investments	\$ 1,521,136
Receivables:	
Intergovernmental	318,911
Sales tax	<u>195,900</u>
<b>Total Assets</b>	<u>2,035,947</u>
<b>LIABILITIES</b>	
Accounts payable	<u>205,023</u>
<b>Total Liabilities</b>	<u>205,023</u>
<b>NET POSITION</b>	
Restricted for:	
Unallocated apportionments	68,239
Transportation	<u>1,762,685</u>
<b>Total Net Position</b>	<u><u>\$ 1,830,924</u></u>

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, 2015**

		Program Revenues		Net (Expense)
			Operating	Revenue and
		Charges for	Grants and	Changes in
		Services	Contributions	Net Position
Functions/Programs:	Expenses		Capital	Total
			Grants and	Governmental
			Contributions	Activities
Governmental activities:				
Transportation	\$ 3,094,189	\$ -	\$ 2,550,707	\$ -
				\$ (543,482)
Total Governmental Activities	3,094,189	-	2,550,707	-
				(543,482)
Total	\$ 3,094,189	\$ -	\$ 2,550,707	\$ -
				(543,482)
General revenues:				
Interest and investment earnings				5,488
Total General Revenues				5,488
Change in Net Position				(537,994)
Net Position - Beginning				2,368,918
Net Position - Ending				\$ 1,830,924

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

---

## **Basic Financial Statements**

- **Fund Financial Statements**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**LAKE COUNTY/CITY AREA PLANNING COUNCIL**

**Balance Sheet  
Governmental Funds  
June 30, 2015**

(With comparative totals for June 30, 2014)

	<u>Local Transportation</u>	<u>State Transit Assistance</u>	<u>Work Program</u>	<u>Regional Surface Transportation Program</u>
<b>ASSETS</b>				
Cash and investments	\$ 271,321	\$ 24,076	\$ 137,530	\$ 65,367
Receivables:				
Intergovernmental	30,000	86,668	188,988	-
Sales tax	<u>195,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 497,221</u></u>	<u><u>\$ 110,744</u></u>	<u><u>\$ 326,518</u></u>	<u><u>\$ 65,367</u></u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,354</u>	<u>\$ -</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>198,354</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	<u>497,221</u>	<u>110,744</u>	<u>128,164</u>	<u>65,367</u>
<b>Total Fund Balances</b>	<u>497,221</u>	<u>110,744</u>	<u>128,164</u>	<u>65,367</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 497,221</u></u>	<u><u>\$ 110,744</u></u>	<u><u>\$ 326,518</u></u>	<u><u>\$ 65,367</u></u>

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

Service Authority for Freeway Emergencies	Other Govenmental Funds	Totals	
		2015	2014
\$ 745,824	\$ 277,018	\$ 1,521,136	\$ 2,047,941
13,255	-	318,911	211,229
-	-	195,900	230,100
<u>\$ 759,079</u>	<u>\$ 277,018</u>	<u>\$ 2,035,947</u>	<u>\$ 2,489,270</u>
\$ -	\$ 6,669	\$ 205,023	\$ 120,353
-	6,669	205,023	120,353
<u>759,079</u>	<u>270,349</u>	<u>1,830,924</u>	<u>2,368,917</u>
<u>759,079</u>	<u>270,349</u>	<u>1,830,924</u>	<u>2,368,917</u>
<u>\$ 759,079</u>	<u>\$ 277,018</u>	<u>\$ 2,035,947</u>	<u>\$ 2,489,270</u>

**LAKE COUNTY/CITY AREA PLANNING COUNCIL**  
**Reconciliation of the Governmental Fund Balance Sheet**  
**To the Government-Wide Statement of**  
**Net Position - Governmental Activities**  
**June 30, 2015**

<b>Total Fund Balances - Total Governmental Funds</b>	\$ 1,830,924
No adjustments were needed to reconcile the Governmental fund balances to the Net Position of Governmental Activities	<u>-</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 1,830,924</u></u>

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



**THIS PAGE INTENTIONALLY LEFT BLANK**

**LAKE COUNTY/CITY AREA PLANNING COUNCIL**  
**Statement of Revenues, Expenditures**  
**And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**  
(With comparative totals for June 30, 2014)

	<u>Local Transportation</u>	<u>State Transit Assistance</u>	<u>Work Program</u>	<u>Regional Surface Transportation Program</u>
<b>REVENUES</b>				
Intergovernmental revenues:				
Local Transportation fund	\$ 1,337,614	\$ -	\$ -	\$ -
State Transit Assistance fund	-	350,982	-	-
Local Transportation fund allocation	-	-	93,000	-
Rural Planning Assistance	-	-	279,537	-
Planning, Programming, and Monitoring	-	-	64,000	-
FTA Section 5304	-	-	38,476	-
Regional Blueprint	-	-	-	-
State Planning and Research	-	-	-	-
Partnership Planning Funds	-	-	-	-
State Highway Account	-	-	51,392	-
Community Based Transportation Planning	-	-	-	-
Regional Surface Transportation Program	-	-	-	-
Vehicle registration fees	-	-	-	-
Use of money	1,552	139	-	714
<b>Total Revenues</b>	<u>1,339,166</u>	<u>351,121</u>	<u>526,405</u>	<u>714</u>
<b>EXPENDITURES</b>				
Current transportation:				
Planning and administration	329,447	-	507,757	-
Regional transit services	918,162	347,435	-	-
RSTP pass-through	-	-	-	692,673
Pedestrian and bicycle allocation	22,391	-	-	-
<b>Total Expenditures</b>	<u>1,270,000</u>	<u>347,435</u>	<u>507,757</u>	<u>692,673</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	69,166	3,686	18,648	(691,959)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(71,737)	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(71,737)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	69,166	3,686	(53,089)	(691,959)
<b>Fund Balances - Beginning</b>	<u>428,055</u>	<u>107,058</u>	<u>181,253</u>	<u>757,326</u>
<b>Fund Balances - Ending</b>	<u><u>\$ 497,221</u></u>	<u><u>\$ 110,744</u></u>	<u><u>\$ 128,164</u></u>	<u><u>\$ 65,367</u></u>

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

Service Authority for Freeway Emergencies	Other Governmental Funds	Totals	
		2015	2014
\$ -	\$ -	\$ 1,337,614	\$ 1,383,349
-	-	350,982	379,193
-	258,838	351,838	336,813
-	-	279,537	270,579
-	-	64,000	64,000
-	-	38,476	43,840
-	-	-	43,271
-	-	-	54,992
-	-	-	60,363
-	-	51,392	3,886
-	-	-	28,091
-	-	-	1,202,082
76,868	-	76,868	76,696
2,616	468	5,489	7,671
<u>79,484</u>	<u>259,306</u>	<u>2,556,196</u>	<u>3,954,826</u>
25,335	250,989	1,113,528	1,246,937
-	-	1,265,597	1,344,605
-	-	692,673	571,449
-	-	22,391	22,434
<u>25,335</u>	<u>250,989</u>	<u>3,094,189</u>	<u>3,185,425</u>
54,149	8,317	(537,993)	769,401
-	71,737	71,737	-
-	-	(71,737)	-
<u>-</u>	<u>71,737</u>	<u>-</u>	<u>-</u>
54,149	80,054	(537,993)	769,401
704,930	190,295	2,368,917	1,599,516
<u>\$ 759,079</u>	<u>\$ 270,349</u>	<u>\$ 1,830,924</u>	<u>\$ 2,368,917</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, 2015**

<b>Net Change in Fund Balance - Total Governmental Funds</b>	\$ (537,993)
No adjustments were needed to reconcile the net changes in fund balances to the net change in net position	<u>-</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (537,993)</u></u>

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

---

## **Basic Financial Statements**

- **Notes to Basic Financial Statements**

**THIS PAGE INTENTIONALLY LEFT BLANK**

## **LAKE COUNTY/CITY AREA PLANNING COUNCIL**

### **Notes to Basic Financial Statements**

**For the Year Ended June 30, 2015**

#### **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 fund, State Transit Assistance fund, Transportation Planning fund, and the Bicycle/Pedestrian fund.

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. These statements report the governmental activities of the Council, which are normally supported by taxes and inter-governmental revenues. The Council had no business-type activities at June 30, 2015.

## **LAKE COUNTY/CITY AREA PLANNING COUNCIL**

### **Notes to Basic Financial Statements**

**For the Year Ended June 30, 2015**

#### **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 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, 2015**

#### **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 assets 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. Each fund's share in the 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 the amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants every quarter based on the participant's average daily cash balance at quarter end in relation to the total pool investments. This method differs from the fair value method used to value investments in these financial statements. In these financial statements, the fair value of the Council's investments in the pool was based on unaudited quoted market values as provided by the County Treasurer. The pool has not provided or obtained any legally binding guarantees during the period to support the value of investments.

The County has established a Treasury Oversight Committee to monitor and review the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Oversight Committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to members of the Oversight Committee and 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.

# **LAKE COUNTY/CITY AREA PLANNING COUNCIL**

## **Notes to Basic Financial Statements**

**For the Year Ended June 30, 2015**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **E. Cash and Investments (Continued)**

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 N. Forbes Street, Lakeport, CA 95453.

#### **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**

Governmental fund 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.

#### **H. Capital Assets**

Capital assets would be valued at historical cost, or estimated historical cost if actual historical cost was not available. Donated property, plant, and equipment would be valued at their estimated fair 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, 2015, the Council did not have any capital assets.

#### **I. Interfund Transactions**

Interfund transactions are reflected as either loans, services provided or used, reimbursements, or transfers.

Loans reported as receivables and payables are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

## **LAKE COUNTY/CITY AREA PLANNING COUNCIL**

### **Notes to Basic Financial Statements**

**For the Year Ended June 30, 2015**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **I. Interfund Transactions (Continued)**

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

##### **J. Unearned Revenue**

Under the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue.

##### **K. Compensated Absences and Postemployment Benefits**

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

##### **L. Management Contract**

The Council pays an administration fee to Dow and Associates and 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, 2015 was \$223,050 and was included in expenditures in the nonmajor Administration fund.

##### **M. 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, 2015, 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, 2015, the Council did not have any deferred inflows of resources.

##### **N. 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, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Implementation of Governmental Accounting Standards Board Statements (GASB)**

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

**Statement No. 68**, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. This statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities.

**Statement No. 69**, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

**Statement No. 71**, Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68. This statement addresses an issue regarding application of the transition provisions of Statement No. 68.

**NOTE 2: CASH AND INVESTMENTS**

**A. Financial Statement Presentation**

As of June 30, 2015, the Council's cash and investments consisted of the following:

Investments:

Lake County Treasurer's Pool	\$ 1,521,136
Total Cash and Investments	<u>\$ 1,521,136</u>

**B. Cash**

**Custodial Credit Risk for Deposits** - Custodial credit risk for deposits 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. The Council complies with the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds.

## **LAKE COUNTY/CITY AREA PLANNING COUNCIL**

### **Notes to Basic Financial Statements**

**For the Year Ended June 30, 2015**

#### **NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

##### **C. Investments**

The Council does not have a formal investment policy. At June 30, 2015, 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:

- US Treasuries and Agencies
- Banker's Acceptances
- Commercial Paper
- Local Agency Investment Fund (LAIF)
- Medium Term Corporate Notes
- Negotiable Certificates of Deposit
- Repurchase Agreements
- California Asset Management Program (CAMP)
- Time Certificates of Deposit
- Shares of Beneficial Interest

**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 resulting from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations. The County limits its exposure to interest rate risk inherent in its portfolio by limiting individual maturities to 5 years or less.

**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, 2015, the Council's investments were all pooled with the County Treasury which is not rated by a nationally recognized statistical rating organization.

**Custodial Credit Risk for Investments** - 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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to 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. As of June 30, 2015, all investments of the Council were in the County investment pool which contains a diversification of investments.

## LAKE COUNTY/CITY AREA PLANNING COUNCIL

### Notes to Basic Financial Statements

For the Year Ended June 30, 2015

#### NOTE 3: NET POSITION

The government-wide fund 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.
- **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.
- **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, 2015, fund balance for 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 adoption of an ordinance 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.

# LAKE COUNTY/CITY AREA PLANNING COUNCIL

## Notes to Basic Financial Statements

For the Year Ended June 30, 2015

### NOTE 4: FUND BALANCES (CONTINUED)

- **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** - is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The fund balances for all major and nonmajor governmental funds as of June 30, 2015, were distributed as follows:

	Local Transportation Council	State Transit Assistance	Work Program	Regional Surface Transportation Program	Service Authority for Freeway Emergencies	Other Govern- mental Funds	Total
<b>Restricted for:</b>							
Unallocated							
Apportionments	\$ 68,239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,239
Transportation	<u>428,982</u>	<u>110,744</u>	<u>128,164</u>	<u>65,367</u>	<u>759,079</u>	<u>270,349</u>	<u>1,762,685</u>
Total Restricted	<u>497,221</u>	<u>110,744</u>	<u>128,164</u>	<u>65,367</u>	<u>759,079</u>	<u>270,349</u>	<u>1,830,924</u>
Total	<u>\$ 497,221</u>	<u>\$ 110,744</u>	<u>\$ 128,164</u>	<u>\$ 65,367</u>	<u>\$ 759,079</u>	<u>\$ 270,349</u>	<u>\$ 1,830,924</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 not adopted a formal fund balance or minimum fund balance policy by passage of an ordinance.

### NOTE 5: INTERFUND TRANSACTIONS

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various District operations and re-allocations of special revenues. The following are interfund transfers for fiscal year ended June 30, 2015:

	Transfer In	Transfer Out
Work Program fund	\$ -	\$ 71,737
Administration fund	<u>71,737</u>	<u>-</u>
Total	<u>\$ 71,737</u>	<u>\$ 71,737</u>

**LAKE COUNTY/CITY AREA PLANNING COUNCIL**

**Notes to Basic Financial Statements**

**For the Year Ended June 30, 2015**

**NOTE 6: 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 7: OTHER INFORMATION**

**A. Subsequent Events**

Management has evaluated events subsequent to June 30, 2015 through April 4, 2016, 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)**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**LAKE COUNTY/CITY AREA PLANNING COUNCIL**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Local Transportation - Major Special Revenue Fund**  
**For the Year Ended June 30, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Local Transportation fund allocation	\$ 1,314,912	\$ 1,306,522	\$ 1,337,614	\$ 31,092
Use of money	-	-	1,552	1,552
<b>Total Revenues</b>	<u>1,314,912</u>	<u>1,306,522</u>	<u>1,339,166</u>	<u>32,644</u>
<b>EXPENDITURES</b>				
Current transportation:				
Planning and administration	344,359	797,103	329,447	467,656
Regional transit services	948,162	869,616	918,162	(48,546)
Pedestrian and bicycle allocation	22,391	22,391	22,391	-
<b>Total Expenditures</b>	<u>1,314,912</u>	<u>1,689,110</u>	<u>1,270,000</u>	<u>419,110</u>
<b>Net Change in Fund Balance</b>	-	(382,588)	69,166	451,754
<b>Fund Balance - Beginning</b>	<u>428,055</u>	<u>428,055</u>	<u>428,055</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u><u>\$ 428,055</u></u>	<u><u>\$ 45,467</u></u>	<u><u>\$ 497,221</u></u>	<u><u>\$ 451,754</u></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, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
State Transit Assistance fund	\$ 347,435	\$ 349,199	\$ 350,982	\$ 1,783
Use of money	-	-	139	139
<b>Total Revenues</b>	<u>347,435</u>	<u>349,199</u>	<u>351,121</u>	<u>1,922</u>
<b>EXPENDITURES</b>				
Current transportation:				
Regional transit services	<u>347,435</u>	<u>349,199</u>	<u>347,435</u>	<u>1,764</u>
<b>Total Expenditures</b>	<u>347,435</u>	<u>349,199</u>	<u>347,435</u>	<u>1,764</u>
<b>Net Change in Fund Balance</b>	-	-	3,686	3,686
<b>Fund Balance - Beginning</b>	<u>107,058</u>	<u>107,058</u>	<u>107,058</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 107,058</u>	<u>\$ 107,058</u>	<u>\$ 110,744</u>	<u>\$ 3,686</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, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental revenues:				
Local Transportation fund allocation	\$ -	\$ -	\$ 93,000	\$ 93,000
Rural Planning Assistance	296,000	309,552	279,537	(30,015)
Planning, Programming, and Monitoring	64,000	64,574	64,000	(574)
FTA Section 5304	28,772	38,477	38,476	(1)
FTA Section 5311	434,526	434,526	-	(434,526)
State Highway Account	86,316	96,114	51,392	(44,722)
<b>Total Revenues</b>	<b>909,614</b>	<b>943,243</b>	<b>526,405</b>	<b>(416,838)</b>
<b>EXPENDITURES</b>				
Current transportation:				
Overall Work Program:				
600 - Regional planning and intergovernmental coordination	134,022	134,022	132,494	1,528
601 - Transit planning	11,500	11,500	11,500	-
602 - Transit service reliability and performance monitoring	29,004	29,004	24,086	4,918
603 - Lake County active transportation plan	25,663	25,663	11,641	14,022
605 - Federal and state grant preparation and monitoring	30,000	30,000	29,790	210
606 - Transit development plan	43,464	43,464	43,464	-
607 - Special studies	44,996	44,996	36,976	8,020
608 - Planning, programming & monitoring	29,822	29,822	29,714	108
609 - Collision database and analysis	1,100	1,100	-	1,100
610 - Non-motorized transportation	7,500	7,500	7,500	-
611 - Pavement management program inventory update	65,000	65,000	61,737	3,263
612 - Countywide GIS support services	21,576	21,576	6,372	15,204
613 - Transportation information outreach	5,655	5,655	1,843	3,812
614 - Regional transportation plan update	9,337	9,337	9,337	-
615 - City of Clearlake roundabout feasibility study	27,000	27,000	26,387	613
617 - Human services coordinated plan	11,592	11,592	11,592	-
620 - Training	12,702	12,702	1,727	10,975
621 - Lake County Transit energy use reduction plan	101,567	101,567	58,050	43,517
622 - Climate change adaptation pilot project	3,547	3,547	3,547	-
<b>Total Expenditures</b>	<b>615,047</b>	<b>615,047</b>	<b>507,757</b>	<b>107,290</b>
<b>Excess of Revenues Overs (Under) Expenditures</b>	<b>294,567</b>	<b>328,196</b>	<b>18,648</b>	<b>(524,128)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(71,737)	(71,737)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(71,737)</b>	<b>(71,737)</b>
<b>Net Change in Fund Balance</b>	<b>294,567</b>	<b>328,196</b>	<b>(53,089)</b>	<b>(309,548)</b>
<b>Fund Balance - Beginning</b>	<b>181,253</b>	<b>181,253</b>	<b>181,253</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 475,820</b>	<b>\$ 509,449</b>	<b>\$ 128,164</b>	<b>\$ (309,548)</b>

**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, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Other State grants	\$ 804,915	\$ 804,915	\$ -	\$ (804,915)
Use of money	-	-	714	714
<b>Total Revenues</b>	<u>804,915</u>	<u>804,915</u>	<u>714</u>	<u>(804,201)</u>
<b>EXPENDITURES</b>				
Current transportation: RSTP pass-through	<u>318,568</u>	<u>318,568</u>	<u>692,673</u>	<u>(374,105)</u>
<b>Total Expenditures</b>	<u>318,568</u>	<u>318,568</u>	<u>692,673</u>	<u>(374,105)</u>
<b>Net Change in Fund Balance</b>	<u>486,347</u>	<u>486,347</u>	<u>(691,959)</u>	<u>(1,178,306)</u>
<b>Fund Balance - Beginning</b>	<u>757,326</u>	<u>757,326</u>	<u>757,326</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 1,243,673</u>	<u>\$ 1,243,673</u>	<u>\$ 65,367</u>	<u>\$ (1,178,306)</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, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Vehicle registration fees	\$ -	\$ -	\$ 76,868	\$ 76,868
Use of money	-	-	2,616	2,616
<b>Total Revenues</b>	-	-	79,484	79,484
<b>EXPENDITURES</b>				
Current transportation:				
Planning and administration	-	-	25,335	(25,335)
<b>Total Expenditures</b>	-	-	25,335	(25,335)
<b>Net Change in Fund Balance</b>	-	-	54,149	54,149
<b>Fund Balance - Beginning</b>	704,930	704,930	704,930	-
<b>Fund Balance - Ending</b>	<u>\$ 704,930</u>	<u>\$ 704,930</u>	<u>\$ 759,079</u>	<u>\$ 54,149</u>

**LAKE COUNTY/CITY AREA PLANNING COUNCIL**  
**Required Supplementary Information**  
**Note to Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2015**

**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 budgets to actual results for all 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.

**NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS**

For the fiscal year ended June 30, 2015, the Council incurred expenditures in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	Excess of Expenditures Over <u>Appropriations</u>
Regional Surface Transportation Program	\$ 318,568	\$ 692,673	\$ 374,105



---

## **Combining Nonmajor Fund Financial Statements**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**LAKE COUNTY/CITY AREA PLANNING COUNCIL**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**Special Revenue Funds**  
**June 30, 2015**

	<u>Local Transportation 2% Reserve</u>	<u>Planning</u>	<u>Administration</u>	<u>Transportation Enhancement Act</u>
<b>ASSETS</b>				
Cash and investments	\$ 66,181	\$ 1	\$ 32,325	\$ 6,706
<b>Total Assets</b>	<u>\$ 66,181</u>	<u>\$ 1</u>	<u>\$ 32,325</u>	<u>\$ 6,706</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 6,669	\$ -
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>6,669</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	66,181	1	25,656	6,706
<b>Total Fund Balances</b>	<u>66,181</u>	<u>1</u>	<u>25,656</u>	<u>6,706</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 66,181</u>	<u>\$ 1</u>	<u>\$ 32,325</u>	<u>\$ 6,706</u>

<b>Consolidated Transportation Services</b>	<b>Totals</b>
<u>\$ 171,805</u>	<u>\$ 277,018</u>
<u><u>\$ 171,805</u></u>	<u><u>\$ 277,018</u></u>
<u>\$ -</u>	<u>\$ 6,669</u>
<u>-</u>	<u>6,669</u>
<u>171,805</u>	<u>270,349</u>
<u>171,805</u>	<u>270,349</u>
<u><u>\$ 171,805</u></u>	<u><u>\$ 277,018</u></u>

**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, 2015**

	<u>Local Transportation 2% Reserve</u>	<u>Planning</u>	<u>Administration</u>	<u>Transportation Enhancement Act</u>
<b>REVENUES</b>				
Intergovernmental revenues:				
Local Transportation fund allocation	\$ 22,391	\$ -	\$ 180,471	\$ -
Use of money	-	-	-	25
<b>Total Revenues</b>	<u>22,391</u>	<u>-</u>	<u>180,471</u>	<u>25</u>
<b>EXPENDITURES</b>				
Current transportation:				
Planning and administration	11,584	-	239,405	-
<b>Total Expenditures</b>	<u>11,584</u>	<u>-</u>	<u>239,405</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	10,807	-	(58,934)	25
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	71,737	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>71,737</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	10,807	-	12,803	25
<b>Fund Balances - Beginning</b>	<u>55,374</u>	<u>1</u>	<u>12,853</u>	<u>6,681</u>
<b>Fund Balances - Ending</b>	<u><u>\$ 66,181</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 25,656</u></u>	<u><u>\$ 6,706</u></u>

<b>Consolidated Transportation Services</b>	<b>Totals</b>
\$ 55,976 443	\$ 258,838 468
56,419	259,306
-	250,989
-	250,989
56,419	8,317
-	71,737
-	-
-	71,737
56,419	80,054
115,386	190,295
<u>\$ 171,805</u>	<u>\$ 270,349</u>

**THIS PAGE INTENTIONALLY LEFT BLANK**



---

## **Schedule of Allocations and Expenditures**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**LAKE COUNTY/CITY AREA PLANNING COUNCIL**  
**Schedule of Allocations and Expenditures**  
**Local Transportation Fund**  
**For the Year Ended June 30, 2015**

	<b>Beginning Allocations as Adjusted</b>	<b>Allocated</b>	<b>Expended</b>	<b>Rescinded</b>	<b>Ending Allocations as Adjusted</b>
<b>Lake County/City Area Planning Council</b>					
99400(c)	\$ 14,173	\$ 93,000	\$ (93,000)	\$ -	\$ 14,173
99233.1	-	180,471	(180,471)	-	-
99233.3	6,930	22,391	(22,391)	-	6,930
99233.7	-	55,976	(55,976)	-	-
<b>Total Lake County/City Area Planning Council</b>	<u>21,103</u>	<u>351,838</u>	<u>(351,838)</u>	<u>-</u>	<u>21,103</u>
<b>Lake Transit Authority</b>					
99260(a)	6,293	-	-	-	6,293
99262	10,843	948,162	(918,162)	-	40,843
<b>Total Lake Transit Authority</b>	<u>17,136</u>	<u>948,162</u>	<u>(918,162)</u>	<u>-</u>	<u>47,136</u>
<b>Totals</b>	<u>\$ 38,239</u>	<u>\$ 1,300,000</u>	<u>\$ (1,270,000)</u>	<u>\$ -</u>	<u>\$ 68,239</u>

**LAKE COUNTY/CITY AREA PLANNING COUNCIL, CALIFORNIA**  
**Schedule of Allocations and Expenditures**  
**State Transit Assistance Fund**  
**For the Year Ended June 30, 2015**

	<u>Beginning Allocations as Adjusted</u>	<u>Allocated</u>	<u>Expended</u>	<u>Rescinded</u>	<u>Ending Allocations as Adjusted</u>
<b>Lake County/City Area Planning Council</b> 99313.3	\$ -	\$ 347,435	\$ (347,435)	\$ -	\$ -

---

## **OTHER REPORT AND SCHEDULES**

- **Other Report**
- **Schedule of Findings and Recommendations**
- **Schedule of Prior Year Findings and Recommendations**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**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 Section 6664, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lake County/City Area Planning Council, Lakeport, California (Council), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated April 4, 2016.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations that we consider to be a significant deficiency. (2015-001)

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.

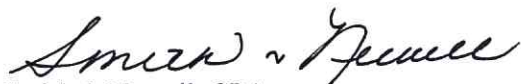
Additionally, we performed tests to determine that allocations made and expenditures paid by the Council were made in accordance with the allocation instructions and resolutions of the Council and in conformance with the California Transportation Development Act. Specifically, we performed each of the 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.

### **Council's Response to Finding**

The Council's response to the finding identified in our audit is described in the accompanying schedule of findings and recommendations. The Council's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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  
April 4, 2016



**LAKE COUNTY/CITY AREA PLANNING COUNCIL**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2015**

**2015-001 Fund Balance (Significant Deficiency)**

**Condition**

At the time of our audit, we noted that the Council had not adopted a fund balance policy to establish the sequence in which revenues are to be spent in accordance with GASB 54. This is a repeat of a prior year finding.

**Cause**

The Council did not adopt a fund balance policy.

**Criteria**

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB 54 requires that governmental entities change the categories and terminology used to describe the components of fund balance. The new categories and terminology will focus not on financial resources available for appropriation but on “the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent”.

**Effect of Condition**

Without a fund balance policy in place, inconsistencies and misclassifications in the components of fund balance may occur.

**Recommendation**

We recommend that the Council adopt a fund balance policy.

**Corrective Action Plan**

I am happy to report that a draft Fund Balance Policy will be presented to the Lake Area Planning Council (APC) at their April 13, 2016 meeting, at which time I anticipate their approval. If, in fact, the new policy is adopted, I will forward to you immediately. This will fulfill the only finding identified in the 2014-15 Fiscal Audit.

**LAKE COUNTY/CITY AREA PLANNING COUNCIL**  
**Schedule of Prior Year Findings and Recommendations**  
**For the Year Ended June 30, 2015**

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendation</u>
<b>2014-001</b>	<b>Fund Balance</b>
	<b>Recommendation</b>
	We recommend that the Council adopt a fund balance policy.
	<b>Status</b>
	In Progress