

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

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2017**

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LAKE COUNTY/CITY AREA PLANNING COUNCIL

Annual Financial Report For the Year Ended June 30, 2017

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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, 2017

Board of Directors

Jeff Smith.....	Supervisor, County of Lake
Moke Simon.....	Supervisor, County of Lake
Tina Scott	Supervisor, County of Lake
Stacey Mattina.	City Council Member, City of Lakeport
Kenneth Parlet.	City Council Member, City of Lakeport
George Spurr.	City Council Member, City of Lakeport
Nick Bennett.	City Council Member, City of Clearlake
Russell Perdock.	City Council Member, City of Clearlake
Phil Harris	City Council Member, City of Clearlake
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**
- **Schedule 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, 2017, 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, 2017, 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 described in Note 1P to the financial statements, in 2016-17, the Council implemented Governmental Accounting Standards Board (GASB) Statement Nos. 74, 77, 78, 80 and 82. Our opinion is not modified with respect to these matters.

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.

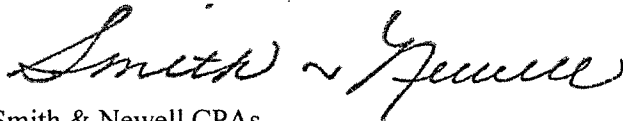
Report on Summarized Comparative Information

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, 2016, from which such partial information was derived.

We have previously audited Council's June 30, 2016 financial statements and our report, dated March 29, 2017, 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, 2016, 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 19, 2018, 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.

A handwritten signature in cursive script, appearing to read "Smith & Newell", is written in dark ink.

Smith & Newell CPAs
Yuba City, California
April 19, 2018

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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, 2017

	Total Governmental Activities
ASSETS	
Cash and investments	\$ 2,005,113
Receivables:	
Intergovernmental	257,417
Sales tax	221,600
Due from Lake Transit Authority	<u>100,000</u>
Total Assets	<u>2,584,130</u>
LIABILITIES	
Accounts payable	<u>180,662</u>
Total Liabilities	<u>180,662</u>
NET POSITION	
Restricted for:	
Unallocated apportionments	101,130
Transportation	<u>2,302,338</u>
Total Net Position	<u><u>\$ 2,403,468</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, 2017

Functions/Programs:	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Transportation	\$ 3,332,427	\$ -	\$ 3,219,302	\$ -
Total Governmental Activities	<u>3,332,427</u>	<u>-</u>	<u>3,219,302</u>	<u>-</u>
Total	<u>\$ 3,332,427</u>	<u>\$ -</u>	<u>\$ 3,219,302</u>	<u>\$ -</u>
General revenues:				
Interest and investment earnings				16,585
Total General Revenues				<u>16,585</u>
Change in Net Position				(96,540)
Net Position - Beginning				<u>2,500,008</u>
Net Position - Ending				<u>\$ 2,403,468</u>

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, 2017**

(With comparative totals for June 30, 2016)

	<u>Local Transportation</u>	<u>State Transit Assistance</u>	<u>Work Program</u>	<u>Administration</u>
ASSETS				
Cash and investments	\$ 428,799	\$ 44	\$ 194,828	\$ 34,877
Receivables:				
Intergovernmental	-	66,640	176,242	-
Sales tax	221,600	-	-	-
Due from Lake Transit Authority	-	-	-	-
Total Assets	<u>\$ 650,399</u>	<u>\$ 66,684</u>	<u>\$ 371,070</u>	<u>\$ 34,877</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 174,236	\$ 100
Total Liabilities	<u>-</u>	<u>-</u>	<u>174,236</u>	<u>100</u>
FUND BALANCES				
Restricted	650,399	66,684	196,834	34,777
Total Fund Balances	<u>650,399</u>	<u>66,684</u>	<u>196,834</u>	<u>34,777</u>
Total Liabilities and Fund Balances	<u>\$ 650,399</u>	<u>\$ 66,684</u>	<u>\$ 371,070</u>	<u>\$ 34,877</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 Govenmental Funds	Totals	
			2017	2016
\$ 312,915	\$ 832,963	\$ 200,687	\$ 2,005,113	\$ 2,132,089
-	14,535	-	257,417	266,255
-	-	-	221,600	236,600
-	-	100,000	100,000	-
<u>\$ 312,915</u>	<u>\$ 847,498</u>	<u>\$ 300,687</u>	<u>\$ 2,584,130</u>	<u>\$ 2,634,944</u>
<u>\$ -</u>	<u>\$ 6,326</u>	<u>\$ -</u>	<u>\$ 180,662</u>	<u>\$ 134,936</u>
<u>-</u>	<u>6,326</u>	<u>-</u>	<u>180,662</u>	<u>134,936</u>
<u>312,915</u>	<u>841,172</u>	<u>300,687</u>	<u>2,403,468</u>	<u>2,500,008</u>
<u>312,915</u>	<u>841,172</u>	<u>300,687</u>	<u>2,403,468</u>	<u>2,500,008</u>
<u>\$ 312,915</u>	<u>\$ 847,498</u>	<u>\$ 300,687</u>	<u>\$ 2,584,130</u>	<u>\$ 2,634,944</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, 2017

Total Fund Balances - Total Governmental Funds	\$ 2,403,468
No adjustments were needed to reconcile the governmental fund balance sheet to the government-wide statement of net position.	<u>-</u>
Net Position of Governmental Activities	<u><u>\$ 2,403,468</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, 2017
(With comparative totals for June 30, 2016)

	<u>Local Transportation</u>	<u>State Transit Assistance</u>	<u>Work Program</u>	<u>Administration</u>
REVENUES				
Intergovernmental revenues:				
Local Transportation fund	\$ 1,459,535	\$ -	\$ -	\$ -
State Transit Assistance fund	-	239,213	-	-
Local Transportation fund allocation	-	-	50,000	288,806
Rural Planning Assistance	-	-	274,554	-
Planning, Programming, and Monitoring	-	-	68,000	-
State Highway Account - Transit Planning	-	-	-	-
State Highway Account - Sustainable Communities	-	-	29,760	-
Regional Surface Transportation Program	-	-	-	-
Vehicle registration fees	-	-	-	-
Non-emergency medical transportation allocation	-	-	-	-
Use of money	3,567	53	-	-
Total Revenues	<u>1,463,102</u>	<u>239,266</u>	<u>422,314</u>	<u>288,806</u>
EXPENDITURES				
Current transportation:				
Planning and administration	395,616	-	365,190	287,936
Regional transit services	1,006,661	305,966	-	-
RSTP pass-through	-	-	-	-
Pedestrian and bicycle allocation	22,724	-	-	-
Total Expenditures	<u>1,425,001</u>	<u>305,966</u>	<u>365,190</u>	<u>287,936</u>
Excess of Revenues Over (Under) Expenditures	<u>38,101</u>	<u>(66,700)</u>	<u>57,124</u>	<u>870</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(25,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	13,101	(66,700)	57,124	870
Fund Balances - Beginning	<u>637,298</u>	<u>133,384</u>	<u>139,710</u>	<u>33,907</u>
Fund Balances - Ending	<u>\$ 650,399</u>	<u>\$ 66,684</u>	<u>\$ 196,834</u>	<u>\$ 34,777</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	
			2017	2016
\$ -	\$ -	\$ -	\$ 1,459,535	\$ 1,468,218
-	-	-	239,213	263,996
-	-	79,534	418,340	375,700
-	-	-	274,554	345,025
-	-	-	68,000	40,809
-	-	-	-	44,722
-	-	-	29,760	54,150
572,104	-	-	572,104	560,428
-	80,155	-	80,155	78,850
-	-	77,641	77,641	-
4,997	6,641	1,327	16,585	6,251
<u>577,101</u>	<u>86,796</u>	<u>158,502</u>	<u>3,235,887</u>	<u>3,238,149</u>
-	46,967	76,156	1,171,865	1,288,028
-	-	-	1,312,627	1,195,817
825,211	-	-	825,211	65,114
-	-	-	22,724	20,106
<u>825,211</u>	<u>46,967</u>	<u>76,156</u>	<u>3,332,427</u>	<u>2,569,065</u>
<u>(248,110)</u>	<u>39,829</u>	<u>82,346</u>	<u>(96,540)</u>	<u>669,084</u>
-	-	25,000	25,000	-
-	-	-	(25,000)	-
-	-	25,000	-	-
<u>(248,110)</u>	<u>39,829</u>	<u>107,346</u>	<u>(96,540)</u>	<u>669,084</u>
<u>561,025</u>	<u>801,343</u>	<u>193,341</u>	<u>2,500,008</u>	<u>1,830,924</u>
<u>\$ 312,915</u>	<u>\$ 841,172</u>	<u>\$ 300,687</u>	<u>\$ 2,403,468</u>	<u>\$ 2,500,008</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, 2017

Net Change in Fund Balance - Total Governmental Funds	\$ (96,540)
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>\$ (96,540)</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, 2017

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. 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, 2017.

LAKE COUNTY/CITY AREA PLANNING COUNCIL

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

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, 2017

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. 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, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Due from Lake Transit Authority

On May 17, 2017, the Council made an interest-free loan to Lake Transit Authority of \$100,000 to cover delays in reimbursable grant funding. Lake Transit Authority plans to repay the loan by January 2018.

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, 2017, the Council did not have any capital assets.

J. 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. 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 forms.

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.

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.

K. 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.

L. Compensated Absences and Postemployment Benefits

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

LAKE COUNTY/CITY AREA PLANNING COUNCIL

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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, 2017 was \$258,091 and was included in expenditures in the major Administration fund.

N. 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, 2017, 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, 2017, the Council did not have any deferred inflows of resources.

O. 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

P. 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. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This statement improves the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

Statement No. 77, Tax Abatement Disclosures. This statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenue.

Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. This statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have certain characteristics.

LAKE COUNTY/CITY AREA PLANNING COUNCIL

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Implementation of Governmental Accounting Standards Board Statements (GASB) (Continued)

Statement No. 80, Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14. This statement amends the blending requirements for the financial statement presentation of component units of all state and local governments.

Statement No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73. This statement addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement specifically addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

NOTE 2: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2017, the Council's cash and investments consisted of the following:

Investments:

Lake County Treasurer's Pool	\$ 2,005,113
Total Investments	<u>\$ 2,005,113</u>

B. Investments

The Council does not have a formal investment policy. At June 30, 2017, 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

LAKE COUNTY/CITY AREA PLANNING COUNCIL

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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 its self 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, 2017, the Council had the following recurring fair value measurements.

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
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>2,005,113</u>			
Total Investments	<u>\$ 2,005,113</u>			

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, 2017, the Council's investments were all pooled 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.

LAKE COUNTY/CITY AREA PLANNING COUNCIL

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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 County investment pool which contains a diversification of investments.

C. Investments 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: INTERFUND TRANSACTIONS

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various Council operations and re-allocations of special revenues. The following are the interfund transfers for the fiscal year ended June 30, 2017:

	<u>Transfer In</u>	<u>Transfer Out</u>
Local Transportation	\$ -	\$ 25,000
Nonmajor Governmental Funds	<u>25,000</u>	<u>-</u>
Total	<u>\$ 25,000</u>	<u>\$ 25,000</u>

NOTE 4: 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, 2017

NOTE 4: 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.
- **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 5: 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, 2017, 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.
- **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.

LAKE COUNTY/CITY AREA PLANNING COUNCIL

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

NOTE 5: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2017, were distributed as follows:

	Local Transportation	State Transit Assistance	Work Program	Administration	Regional Surface Transportation Program	Service Authority for Freeway Emergencies	Other Govern- mental Funds	Total
Restricted for:								
Unallocated								
Apportionments	\$ 38,239	\$ 62,891	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,130
Transportation	<u>612,160</u>	<u>3,793</u>	<u>196,834</u>	<u>34,777</u>	<u>312,915</u>	<u>841,172</u>	<u>300,687</u>	<u>2,302,338</u>
Total Restricted	<u>650,399</u>	<u>66,684</u>	<u>196,834</u>	<u>34,777</u>	<u>312,915</u>	<u>841,172</u>	<u>300,687</u>	<u>2,403,468</u>
Total	<u>\$ 650,399</u>	<u>\$ 66,684</u>	<u>\$ 196,834</u>	<u>\$ 34,777</u>	<u>\$ 312,915</u>	<u>\$ 841,172</u>	<u>\$ 300,687</u>	<u>\$ 2,403,468</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 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: 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, 2017 were \$6,000.

NOTE 8: OTHER INFORMATION

A. Subsequent Events

Management has evaluated events subsequent to June 30, 2017 through April 19, 2018, 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, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Local Transportation fund	\$ 1,429,302	\$ 2,074,362	\$ 1,459,535	\$ (614,827)
Use of money	-	-	3,567	3,567
Total Revenues	<u>1,429,302</u>	<u>2,074,362</u>	<u>1,463,102</u>	<u>(611,260)</u>
EXPENDITURES				
Current transportation:				
Planning and administration	399,917	1,044,977	395,616	649,361
Regional transit services	1,006,661	1,006,661	1,006,661	-
Pedestrian and bicycle allocation	22,724	22,724	22,724	-
Total Expenditures	<u>1,429,302</u>	<u>2,074,362</u>	<u>1,425,001</u>	<u>649,361</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>38,101</u>	<u>38,101</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(25,000)	(25,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>13,101</u>	<u>13,101</u>
Fund Balances - Beginning	<u>637,298</u>	<u>637,298</u>	<u>637,298</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 637,298</u>	<u>\$ 637,298</u>	<u>\$ 650,399</u>	<u>\$ 13,101</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, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
State Transit Assistance fund	\$ 283,169	\$ 197,481	\$ 239,213	\$ 41,732
Use of money	-	-	53	53
Total Revenues	<u>283,169</u>	<u>197,481</u>	<u>239,266</u>	<u>41,785</u>
EXPENDITURES				
Current transportation:				
Regional transit services	<u>283,169</u>	<u>197,481</u>	<u>305,966</u>	<u>(108,485)</u>
Total Expenditures	<u>283,169</u>	<u>197,481</u>	<u>305,966</u>	<u>(108,485)</u>
Net Change in Fund Balances	-	-	(66,700)	(66,700)
Fund Balances - Beginning	<u>133,384</u>	<u>133,384</u>	<u>133,384</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 133,384</u></u>	<u><u>\$ 133,384</u></u>	<u><u>\$ 66,684</u></u>	<u><u>\$ (66,700)</u></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, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Local Transportation fund allocation	\$ -	\$ -	\$ 50,000	\$ 50,000
Rural Planning Assistance	294,000	312,991	274,554	(38,437)
Planning, Programming, and Monitoring	90,113	90,113	68,000	(22,113)
State Highway Account - Sustainable Communities	33,198	29,945	29,760	(185)
Total Revenues	417,311	433,049	422,314	(10,735)
EXPENDITURES				
Current transportation:				
Overall Work Program:				
600 - Regional planning and intergovernmental coordination	132,188	132,188	112,655	19,533
601 - Transit planning	10,000	10,000	10,000	-
602 - Transit service reliability and performance monitoring	30,500	30,500	26,281	4,219
603 - Lake County active transportation program plan	5,664	5,664	5,664	-
604 - Lake County project reserve account	8,134	8,134	-	8,134
605 - Federal and state grant preparation and monitoring program	42,451	42,451	31,339	11,112
606 - Speed zone studies - County of Lake	12,733	12,733	12,606	127
607 - Special studies	42,026	42,026	38,149	3,877
608 - Planning, programming & monitoring	22,500	22,500	21,813	687
609 - Lake Transit hub location plan	34,219	34,219	33,884	335
610 - Non-motorized transportation	10,000	10,000	9,558	442
611 - Pavement management program	6,000	6,000	6,000	-
612 - Countywide technology support services	3,000	3,000	2,180	820
613 - Transportation information outreach	2,967	2,967	1,679	1,288
614 - Countywide sign inventory project	84,500	84,500	3,077	81,423
615 - Regional transportation plan update	42,500	42,500	42,204	296
616 - Training	15,844	15,844	8,101	7,743
Total Expenditures	505,226	505,226	365,190	140,036
Net Change in Fund Balances	(87,915)	(72,177)	57,124	129,301
Fund Balances - Beginning	139,710	139,710	139,710	-
Fund Balances - Ending	\$ 51,795	\$ 67,533	\$ 196,834	\$ 129,301

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Required Supplementary Information
Budgetary Comparison Schedule
Administration - Major Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Local Transportation fund allocation	\$ 288,806	\$ 288,806	\$ 288,806	\$ -
Total Revenues	<u>288,806</u>	<u>288,806</u>	<u>288,806</u>	<u>-</u>
EXPENDITURES				
Current transportation:				
Planning and administration	<u>288,806</u>	<u>288,806</u>	<u>287,936</u>	<u>870</u>
Total Expenditures	<u>288,806</u>	<u>288,806</u>	<u>287,936</u>	<u>870</u>
Net Change in Fund Balances	-	-	870	870
Fund Balances - Beginning	<u>33,907</u>	<u>33,907</u>	<u>33,907</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 33,907</u></u>	<u><u>\$ 33,907</u></u>	<u><u>\$ 34,777</u></u>	<u><u>\$ 870</u></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, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Other State grants	\$ 885,342	\$ 816,977	\$ 572,104	\$ (244,873)
Use of money	-	-	4,997	4,997
Total Revenues	<u>885,342</u>	<u>816,977</u>	<u>577,101</u>	<u>(239,876)</u>
EXPENDITURES				
Current transportation: RSTP pass-through	<u>885,342</u>	<u>816,977</u>	<u>825,211</u>	<u>(8,234)</u>
Total Expenditures	<u>885,342</u>	<u>816,977</u>	<u>825,211</u>	<u>(8,234)</u>
Net Change in Fund Balances	-	-	(248,110)	(248,110)
Fund Balances - Beginning	<u>561,025</u>	<u>561,025</u>	<u>561,025</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 561,025</u>	<u>\$ 561,025</u>	<u>\$ 312,915</u>	<u>\$ (248,110)</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, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Vehicle registration fees	\$ 77,000	\$ 77,000	\$ 80,155	\$ 3,155
Use of money	-	-	6,641	6,641
Total Revenues	<u>77,000</u>	<u>77,000</u>	<u>86,796</u>	<u>9,796</u>
EXPENDITURES				
Current transportation:				
Planning and administration	<u>88,600</u>	<u>88,600</u>	<u>46,967</u>	<u>41,633</u>
Total Expenditures	<u>88,600</u>	<u>88,600</u>	<u>46,967</u>	<u>41,633</u>
Net Change in Fund Balances	(11,600)	(11,600)	39,829	51,429
Fund Balances - Beginning	<u>801,343</u>	<u>801,343</u>	<u>801,343</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 789,743</u>	<u>\$ 789,743</u>	<u>\$ 841,172</u>	<u>\$ 51,429</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Required Supplementary Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2017

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, 2017, the Council incurred expenditures in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess of Expenditures Over Appropriations</u>
State Transit Assistance	\$ 197,481	\$ 305,966	\$ 108,485
Regional Surface Transportation Program	816,977	825,211	8,234

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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, 2017

	Local Transportation 2% Reserve	Planning	Transportation Enhancement Act	Consolidated Transportation Services
ASSETS				
Cash and investments	\$ 109,011	\$ 1	\$ 6,791	\$ 84,884
Due from Lake Transit Authority	-	-	-	100,000
Total Assets	<u><u>\$ 109,011</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 6,791</u></u>	<u><u>\$ 184,884</u></u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	<u>109,011</u>	<u>1</u>	<u>6,791</u>	<u>184,884</u>
Total Fund Balances	<u>109,011</u>	<u>1</u>	<u>6,791</u>	<u>184,884</u>
Total Liabilities and Fund Balances	<u><u>\$ 109,011</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 6,791</u></u>	<u><u>\$ 184,884</u></u>

Totals

\$ 200,687
100,000

\$ 300,687

\$ -

-

300,687

300,687

\$ 300,687

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, 2017

	Local Transportation 2% Reserve	Planning	Transportation Enhancement Act	Consolidated Transportation Services
REVENUES				
Intergovernmental revenues:				
Local Transportation fund allocation	\$ 22,724	\$ -	\$ -	\$ 56,810
Non-emergency medical transportation allocation	-	-	-	77,641
Use of money	-	-	57	1,270
Total Revenues	<u>22,724</u>	<u>-</u>	<u>57</u>	<u>135,721</u>
EXPENDITURES				
Current transportation:				
Planning and administration	-	-	-	76,156
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,156</u>
Excess of Revenues Over (Under) Expenditures	<u>22,724</u>	<u>-</u>	<u>57</u>	<u>59,565</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	25,000
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Net Change in Fund Balances	22,724	-	57	84,565
Fund Balances - Beginning	<u>86,287</u>	<u>1</u>	<u>6,734</u>	<u>100,319</u>
Fund Balances - Ending	<u><u>\$ 109,011</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 6,791</u></u>	<u><u>\$ 184,884</u></u>

Totals

\$ 79,534
77,641
1,327

158,502

76,156

76,156

82,346

25,000

-

25,000

107,346

193,341

\$ 300,687

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Schedule 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, 2017

	Beginning Allocations as Adjusted	Allocated	Expended	Rescinded	Ending Allocations as Adjusted
Lake County/City Area Planning Council					
99400(c)	\$ 14,173	\$ 50,000	\$ (50,000)	\$ -	\$ 14,173
99233.1	-	288,806	(288,806)	-	-
99233.3	6,930	22,724	(22,724)	-	6,930
99233.7	-	56,810	(56,810)	-	-
Total Lake County/City Area Planning Council	<u>21,103</u>	<u>418,340</u>	<u>(418,340)</u>	<u>-</u>	<u>21,103</u>
Lake Transit Authority					
99260(a)	6,293	1,006,661	(1,006,661)	-	6,293
99262	10,843	-	-	-	10,843
Total Lake Transit Authority	<u>17,136</u>	<u>1,006,661</u>	<u>(1,006,661)</u>	<u>-</u>	<u>17,136</u>
Totals	<u>\$ 38,239</u>	<u>\$ 1,425,001</u>	<u>\$ (1,425,001)</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, 2017

	<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	<u>\$ 85,688</u>	<u>\$ 283,169</u>	<u>\$ (305,966)</u>	<u>\$ -</u>	<u>\$ 62,891</u>
Total Lake County/City Area Planning Council	<u><u>\$ 85,688</u></u>	<u><u>\$ 283,169</u></u>	<u><u>\$ (305,966)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 62,891</u></u>

OTHER REPORT AND SCHEDULES

- **Other Report**
- **Schedule of Findings and Recommendations**
- **Management's Corrective Action Plan**

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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, 2017, 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 19, 2018.

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. 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. (2017-001)

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.

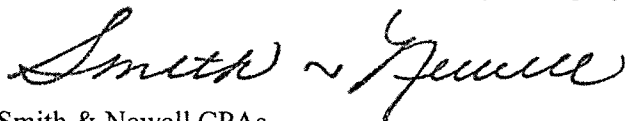
Additionally, we performed tests to determine that allocations made and expenditures paid by the Council were made in accordance with the allocation instructions and resolutions of the Council and in conformance with the California Transportation Development Act. Specifically, we performed each of the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

A handwritten signature in black ink, appearing to read "Smith & Newell", is written over a horizontal line.

Smith & Newell CPAs
Yuba City, California
April 19, 2018

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Schedule of Findings and Recommendations
For the Year Ended June 30, 2017

2017-001 Budget (Significant Deficiency)

Condition

For the year ended June 30, 2017, we noted that the Council incurred expenditures in excess of appropriations of \$108,485 in the State Transit Assistance fund and \$8,234 in the Regional Surface Transportation Program fund.

Cause

The Council did not amend its budget to account for changes in estimates of expenditures during the fiscal year.

Criteria

California Government Code requires that appropriate operating budgets be adopted and amended as needed and that expenditures not exceed the approved budget.

Effect of Condition

Expenditures exceeded appropriations by \$108,485 in the State Transit Assistance fund and \$8,234 in the Regional Surface Transportation Program fund.

Recommendation

We recommend that the Council control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the Council take appropriate action to amend the budget.

LAKE COUNTY/CITY AREA PLANNING COUNCIL

Management's Corrective Action Plan

For the Year Ended June 30, 2017

2017-001 Budget (Significant Deficiency)

We recommend that the Council control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the Council take appropriate action to amend the budget.

Responsible Individual: Lisa Davey-Bates

Corrective Action Plan: Staff is currently reviewing the current budget for FY 2017/18 and will amend it if necessary to reflect the carryover funding available for these pass through accounts. Staff is also in the process of developing the Draft Budget for FY 2018/19. At the close of this fiscal year staff will have all carryover funding amounts available and will amend the budget to accurately reflect available funding.

Anticipated Completion Date: June 30, 2018