

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

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2016**

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# LAKE COUNTY/CITY AREA PLANNING COUNCIL

## Annual Financial Report For the Year Ended June 30, 2016

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## **INTRODUCTORY SECTION**

- **List of Officials**

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**LAKE COUNTY/CITY AREA PLANNING COUNCIL**  
**Board of Directors**  
**For the Year Ended June 30, 2016**

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
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, 2016, 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, 2016, 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 1N to the financial statements, in 2016, the Council implemented, if applicable, new accounting guidance GASB Statement Nos. 72, 73, 76 and 79. 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.

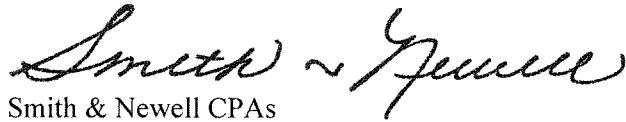
*Report on Summarized Comparative Information*

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, 2015, from which such partial information was derived.

We have previously audited Council's June 30, 2015 financial statements and our report, dated April 4, 2016, 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, 2015, 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 March 29, 2017 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  
March 29, 2017

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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, 2016**

	<u><b>Total Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and investments	\$ 2,132,089
Receivables:	
Intergovernmental	266,255
Sales tax	<u>236,600</u>
<b>Total Assets</b>	<u>2,634,944</u>
<b>LIABILITIES</b>	
Accounts payable	<u>134,936</u>
<b>Total Liabilities</b>	<u>134,936</u>
<b>NET POSITION</b>	
Restricted for:	
Unallocated apportionments	123,927
Transportation	<u>2,376,081</u>
<b>Total Net Position</b>	<u><u>\$ 2,500,008</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, 2016**

		Program Revenues		Net (Expense)
			Operating	Revenue and
			Grants and	Changes in
			Contributions	Net Position
			Capital	Total
			Grants and	Governmental
			Contributions	Activities
Functions/Programs:	Expenses	Charges for		
		Services		
Governmental activities:				
Transportation	\$ 2,569,065	\$ -	\$ 3,231,898	\$ -
				\$ 662,833
Total Governmental Activities	2,569,065	-	3,231,898	-
				662,833
Total	\$ 2,569,065	\$ -	\$ 3,231,898	\$ -
				662,833
General revenues:				
Interest and investment earnings				6,251
Total General Revenues				6,251
Change in Net Position				669,084
Net Position - Beginning				1,830,924
Net Position - Ending				\$ 2,500,008

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

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## **Basic Financial Statements**

- **Fund Financial Statements**

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**LAKE COUNTY/CITY AREA PLANNING COUNCIL**

**Balance Sheet  
Governmental Funds  
June 30, 2016**

(With comparative totals for June 30, 2015)

	<u>Local Transportation</u>	<u>State Transit Assistance</u>	<u>Work Program</u>	<u>Administration</u>
<b>ASSETS</b>				
Cash and investments	\$ 400,698	\$ 108	\$ 138,541	\$ 45,907
Receivables:				
Intergovernmental	-	133,276	118,625	-
Sales tax	236,600	-	-	-
<b>Total Assets</b>	<u>\$ 637,298</u>	<u>\$ 133,384</u>	<u>\$ 257,166</u>	<u>\$ 45,907</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 117,456	\$ 12,000
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>117,456</u>	<u>12,000</u>
<b>FUND BALANCES</b>				
Restricted	637,298	133,384	139,710	33,907
<b>Total Fund Balances</b>	<u>637,298</u>	<u>133,384</u>	<u>139,710</u>	<u>33,907</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 637,298</u>	<u>\$ 133,384</u>	<u>\$ 257,166</u>	<u>\$ 45,907</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	
			2016	2015
\$ 561,025	\$ 786,989	\$ 198,821	\$ 2,132,089	\$ 1,521,136
-	14,354	-	266,255	318,911
-	-	-	236,600	195,900
<u>\$ 561,025</u>	<u>\$ 801,343</u>	<u>\$ 198,821</u>	<u>\$ 2,634,944</u>	<u>\$ 2,035,947</u>
\$ -	\$ -	\$ 5,480	\$ 134,936	\$ 205,023
-	-	5,480	134,936	205,023
561,025	801,343	193,341	2,500,008	1,830,924
561,025	801,343	193,341	2,500,008	1,830,924
<u>\$ 561,025</u>	<u>\$ 801,343</u>	<u>\$ 198,821</u>	<u>\$ 2,634,944</u>	<u>\$ 2,035,947</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, 2016**

<b>Total Fund Balances - Total Governmental Funds</b>	\$ 2,500,008
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>\$ 2,500,008</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, 2016**  
(With comparative totals for June 30, 2015)

	<u>Local Transportation</u>	<u>State Transit Assistance</u>	<u>Work Program</u>	<u>Administration</u>
<b>REVENUES</b>				
Intergovernmental revenues:				
Local Transportation fund	\$ 1,468,218	\$ -	\$ -	\$ -
State Transit Assistance fund	-	263,996	-	-
Local Transportation fund allocation	-	-	60,905	294,689
Rural Planning Assistance	-	-	345,025	-
Planning, Programming, and Monitoring	-	-	40,809	-
FTA Section 5304	-	-	-	-
State Highway Account - Transit Planning	-	-	44,722	-
State Highway Account - Sustainable Communities	-	-	54,150	-
Regional Surface Transportation Program	-	-	-	-
Vehicle registration fees	-	-	-	-
Use of money	1,859	161	-	-
<b>Total Revenues</b>	<u>1,470,077</u>	<u>264,157</u>	<u>545,611</u>	<u>294,689</u>
<b>EXPENDITURES</b>				
Current transportation:				
Planning and administration	355,594	-	534,065	286,438
Regional transit services	954,300	241,517	-	-
RSTP pass-through	-	-	-	-
Pedestrian and bicycle allocation	20,106	-	-	-
<b>Total Expenditures</b>	<u>1,330,000</u>	<u>241,517</u>	<u>534,065</u>	<u>286,438</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	140,077	22,640	11,546	8,251
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	140,077	22,640	11,546	8,251
<b>Fund Balances - Beginning</b>	<u>497,221</u>	<u>110,744</u>	<u>128,164</u>	<u>25,656</u>
<b>Fund Balances - Ending</b>	<u>\$ 637,298</u>	<u>\$ 133,384</u>	<u>\$ 139,710</u>	<u>\$ 33,907</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	
			2016	2015
\$ -	\$ -	\$ -	\$ 1,468,218	\$ 1,337,614
-	-	-	263,996	350,982
-	-	20,106	375,700	351,838
-	-	-	345,025	279,537
-	-	-	40,809	64,000
-	-	-	-	38,476
-	-	-	44,722	51,392
-	-	-	54,150	-
560,428	-	-	560,428	-
-	78,850	-	78,850	76,868
344	3,164	723	6,251	5,489
560,772	82,014	20,829	3,238,149	2,556,196
-	39,750	72,181	1,288,028	1,113,528
-	-	-	1,195,817	1,265,597
65,114	-	-	65,114	692,673
-	-	-	20,106	22,391
65,114	39,750	72,181	2,569,065	3,094,189
495,658	42,264	(51,352)	669,084	(537,993)
-	-	-	-	71,737
-	-	-	-	(71,737)
-	-	-	-	-
495,658	42,264	(51,352)	669,084	(537,993)
65,367	759,079	244,693	1,830,924	2,368,917
\$ 561,025	\$ 801,343	\$ 193,341	\$ 2,500,008	\$ 1,830,924

**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, 2016**

<b>Net Change in Fund Balance - Total Governmental Funds</b>	\$ 669,084
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>\$ 669,084</u></u>

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

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## **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, 2016**

#### **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, 2016.

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

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

**For the Year Ended June 30, 2016**

#### **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, 2016**

#### **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, 2016**

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

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

Capital assets would be valued at historical cost, or estimated historical cost if actual historical cost was not available. Contributed capital assets are recorded at their acquisition value at the date of donation. 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, 2016, the Council did not have any capital assets.

##### **I. 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.

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

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

##### **K. Management Contract**

The Council pays an administration fee to Davey-Bates Consulting for all administration and management of the Council. The total amount paid for administration and management for the year ended June 30, 2016 was \$253,030 and was included in expenditures in the major Administration fund.

##### **L. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2016, 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, 2016, the Council did not have any deferred inflows of resources.

##### **M. Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# LAKE COUNTY/CITY AREA PLANNING COUNCIL

## Notes to Basic Financial Statements

For the Year Ended June 30, 2016

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

#### N. 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. 72**, Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement and for applying fair value to certain investments and disclosures related to all fair value measurements.

**Statement 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 establishes requirements for defined benefit pensions and defined contribution pensions that are not within the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions.

**Statement No. 76**, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction is not specified within a source of authoritative GAAP.

**Statement No. 79**, Certain External Investment Pools and Pool Participants. This statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

### NOTE 2: CASH AND INVESTMENTS

#### A. Financial Statement Presentation

As of June 30, 2016, the Council's cash and investments consisted of the following:

Investments:

Lake County Treasurer's Pool	\$ 2,132,089
Total Cash and Investments	<u>\$ 2,132,089</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, 2016

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

#### C. Investments

The Council does not have a formal investment policy. At June 30, 2016, 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

Fair Value Measurements - The County 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, 2016, 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>\$ 2,132,089</u>			
Total Investments	<u>\$ 2,132,089</u>			

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

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

**For the Year Ended June 30, 2016**

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

##### **C. Investments (Continued)**

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

**Credit Risk** - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2016, 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.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of the Commission'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.

##### **D. 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.

## LAKE COUNTY/CITY AREA PLANNING COUNCIL

### Notes to Basic Financial Statements

For the Year Ended June 30, 2016

#### 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, 2016, 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, 2016

### 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, 2016, were distributed as follows:

	Local Transportation Council	State Transit Assistance	Work Program	Administration	Regional Surface Transportation Program	Service Authority for Freeway Emergencies	Other Govern- mental Funds	Total
<b>Restricted for:</b>								
Unallocated								
Apportionments	\$ 38,239	\$ 85,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,907
Transportation	<u>599,059</u>	<u>47,716</u>	<u>139,710</u>	<u>33,907</u>	<u>561,025</u>	<u>801,343</u>	<u>193,341</u>	<u>2,376,101</u>
Total Restricted	<u>637,298</u>	<u>133,384</u>	<u>139,710</u>	<u>33,907</u>	<u>561,025</u>	<u>801,343</u>	<u>193,341</u>	<u>2,500,008</u>
Total	<u>\$ 637,298</u>	<u>\$ 133,384</u>	<u>\$ 139,710</u>	<u>\$ 33,907</u>	<u>\$ 561,025</u>	<u>\$ 801,343</u>	<u>\$ 193,341</u>	<u>\$2,500,008</u>

### Fund Balance Flow Assumption

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

### Fund Balance Policy

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

### NOTE 5: RISK MANAGEMENT

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

### NOTE 6: RELATED PARTY TRANSACTIONS

The County of Lake provides accounting and risk management services for the Council. Related party expenditures incurred for the fiscal year ended June 30, 2016 were \$6,000.

**LAKE COUNTY/CITY AREA PLANNING COUNCIL**

**Notes to Basic Financial Statements**

**For the Year Ended June 30, 2016**

**NOTE 7: OTHER INFORMATION**

**A. Subsequent Events**

Management has evaluated events subsequent to June 30, 2016 through March 29, 2017, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**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, 2016**

	<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	\$ 1,305,506	\$ 1,864,978	\$ 1,468,218	\$ (396,760)
Use of money	-	-	1,859	1,859
<b>Total Revenues</b>	<u>1,305,506</u>	<u>1,864,978</u>	<u>1,470,077</u>	<u>(394,901)</u>
<b>EXPENDITURES</b>				
Current transportation:				
Planning and administration	361,100	824,391	355,594	468,797
Regional transit services	924,300	954,300	954,300	-
Pedestrian and bicycle allocation	20,106	86,287	20,106	66,181
<b>Total Expenditures</b>	<u>1,305,506</u>	<u>1,864,978</u>	<u>1,330,000</u>	<u>534,978</u>
<b>Net Change in Fund Balance</b>	-	-	140,077	140,077
<b>Fund Balance - Beginning</b>	<u>497,221</u>	<u>497,221</u>	<u>497,221</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u><u>\$ 497,221</u></u>	<u><u>\$ 497,221</u></u>	<u><u>\$ 637,298</u></u>	<u><u>\$ 140,077</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, 2016**

	<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	\$ 327,205	\$ 351,281	\$ 263,996	\$ (87,285)
Use of money	-	-	161	161
<b>Total Revenues</b>	<u>327,205</u>	<u>351,281</u>	<u>264,157</u>	<u>(87,124)</u>
<b>EXPENDITURES</b>				
Current transportation:				
Regional transit services	<u>327,205</u>	<u>351,281</u>	<u>241,517</u>	<u>109,764</u>
<b>Total Expenditures</b>	<u>327,205</u>	<u>351,281</u>	<u>241,517</u>	<u>109,764</u>
<b>Net Change in Fund Balance</b>	-	-	22,640	22,640
<b>Fund Balance - Beginning</b>	<u>110,744</u>	<u>110,744</u>	<u>110,744</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u><u>\$ 110,744</u></u>	<u><u>\$ 110,744</u></u>	<u><u>\$ 133,384</u></u>	<u><u>\$ 22,640</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, 2016**

	<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	\$ -	\$ -	\$ 60,905	\$ 60,905
Rural Planning Assistance	334,000	364,015	345,025	(18,990)
Planning, Programming, and Monitoring	41,000	48,256	40,809	(7,447)
State Highway Account - Transit Planning	42,495	44,722	44,722	-
State Highway Account - Sustainable Communities	84,095	84,095	54,150	(29,945)
<b>Total Revenues</b>	<b>501,590</b>	<b>541,088</b>	<b>545,611</b>	<b>4,523</b>
<b>EXPENDITURES</b>				
Current transportation:				
Overall Work Program:				
600 - Regional planning and intergovernmental coordination	149,009	149,009	148,050	959
601 - Transit planning	15,000	15,000	12,407	2,593
602 - Transit service reliability and performance monitoring	31,918	31,918	23,500	8,418
603 - Lake County active transportation program plan	75,521	75,521	72,449	3,072
604 - Lake County project reserve funds	22,113	22,113	-	22,113
605 - Federal and state grant preparation	35,034	35,034	34,534	500
606 - Speed zone studies - City of Lakeport	6,464	6,464	6,232	232
607 - Special studies	34,546	34,546	34,020	526
608 - Planning, programming & monitoring	22,980	22,980	25,480	(2,500)
609 - Lake Transit hub location plan	95,400	95,400	61,181	34,219
610 - Non-motorized transportation	10,000	10,000	10,000	-
611 - Pavement management program inventory update	6,500	6,500	6,500	-
612 - Technology support services	4,286	4,286	1,286	3,000
613 - Transportation information outreach	5,000	5,000	3,967	1,033
614 - Regional transportation plan update	44,732	44,732	42,096	2,636
620 - Training	18,190	18,190	1,846	16,344
621 - Lake County Transit energy use reduction plan	51,097	51,097	50,517	580
<b>Total Expenditures</b>	<b>627,790</b>	<b>627,790</b>	<b>534,065</b>	<b>93,725</b>
<b>Net Change in Fund Balance</b>	<b>(126,200)</b>	<b>(86,702)</b>	<b>11,546</b>	<b>(89,202)</b>
<b>Fund Balance - Beginning</b>	<b>128,164</b>	<b>128,164</b>	<b>128,164</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 1,964</b>	<b>\$ 41,462</b>	<b>\$ 139,710</b>	<b>\$ -</b>

**LAKE COUNTY/CITY AREA PLANNING COUNCIL**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Administration - Major Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<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	\$ 294,689	\$ 295,064	\$ 294,689	\$ (375)
<b>Total Revenues</b>	294,689	295,064	294,689	(375)
<b>EXPENDITURES</b>				
Current transportation: Planning and administration	294,689	295,064	286,438	8,626
<b>Total Expenditures</b>	294,689	295,064	286,438	8,626
<b>Net Change in Fund Balance</b>	-	-	8,251	8,251
<b>Fund Balance - Beginning</b>	25,656	25,656	25,656	-
<b>Fund Balance - Ending</b>	<u>\$ 25,656</u>	<u>\$ 25,656</u>	<u>\$ 33,907</u>	<u>\$ 8,251</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, 2016**

	<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	\$ 805,301	\$ 805,301	\$ 560,428	\$ (244,873)
Use of money	-	-	344	344
<b>Total Revenues</b>	<u>805,301</u>	<u>805,301</u>	<u>560,772</u>	<u>(244,529)</u>
<b>EXPENDITURES</b>				
Current transportation: RSTP pass-through	<u>318,837</u>	<u>318,837</u>	<u>65,114</u>	<u>253,723</u>
<b>Total Expenditures</b>	<u>318,837</u>	<u>318,837</u>	<u>65,114</u>	<u>253,723</u>
<b>Net Change in Fund Balance</b>	<u>486,464</u>	<u>486,464</u>	<u>495,658</u>	<u>9,194</u>
<b>Fund Balance - Beginning</b>	<u>65,367</u>	<u>65,367</u>	<u>65,367</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u><u>\$ 551,831</u></u>	<u><u>\$ 551,831</u></u>	<u><u>\$ 561,025</u></u>	<u><u>\$ 9,194</u></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, 2016**

	<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	\$ 76,000	\$ 76,000	\$ 78,850	\$ 2,850
Use of money	-	-	3,164	3,164
<b>Total Revenues</b>	<u>76,000</u>	<u>76,000</u>	<u>82,014</u>	<u>6,014</u>
<b>EXPENDITURES</b>				
Current transportation:				
Planning and administration	392,600	392,600	39,750	352,850
<b>Total Expenditures</b>	<u>392,600</u>	<u>392,600</u>	<u>39,750</u>	<u>352,850</u>
<b>Net Change in Fund Balance</b>	(316,600)	(316,600)	42,264	358,864
<b>Fund Balance - Beginning</b>	<u>759,079</u>	<u>759,079</u>	<u>759,079</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 442,479</u>	<u>\$ 442,479</u>	<u>\$ 801,343</u>	<u>\$ 358,864</u>

**LAKE COUNTY/CITY AREA PLANNING COUNCIL**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2016**

**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.

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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, 2016**

	<b>Local Transportation 2% Reserve</b>	<b>Planning</b>	<b>Transportation Enhancement Act</b>	<b>Consolidated Transportation Services</b>
<b>ASSETS</b>				
Cash and investments	\$ 86,287	\$ 1	\$ 6,734	\$ 105,799
<b>Total Assets</b>	<u>\$ 86,287</u>	<u>\$ 1</u>	<u>\$ 6,734</u>	<u>\$ 105,799</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 5,480
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,480</u>
<b>FUND BALANCES</b>				
Restricted	86,287	1	6,734	100,319
<b>Total Fund Balances</b>	<u>86,287</u>	<u>1</u>	<u>6,734</u>	<u>100,319</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 86,287</u>	<u>\$ 1</u>	<u>\$ 6,734</u>	<u>\$ 105,799</u>

**Totals**

\$ 198,821

\$ 198,821

\$ 5,480

5,480

193,341

193,341

\$ 198,821

**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, 2016**

	<u>Local Transportation 2% Reserve</u>	<u>Planning</u>	<u>Transportation Enhancement Act</u>	<u>Consolidated Transportation Services</u>
<b>REVENUES</b>				
Intergovernmental revenues:				
Local Transportation fund allocation	\$ 20,106	\$ -	\$ -	\$ -
Use of money	<u>-</u>	<u>-</u>	<u>28</u>	<u>695</u>
<b>Total Revenues</b>	<u>20,106</u>	<u>-</u>	<u>28</u>	<u>695</u>
<b>EXPENDITURES</b>				
Current transportation:				
Planning and administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,181</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,181</u>
<b>Net Change in Fund Balance</b>	20,106	-	28	(71,486)
<b>Fund Balances - Beginning</b>	<u>66,181</u>	<u>1</u>	<u>6,706</u>	<u>171,805</u>
<b>Fund Balances - Ending</b>	<u><u>\$ 86,287</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 6,734</u></u>	<u><u>\$ 100,319</u></u>

**Totals**

\$ 20,106  
723

20,829

72,181

72,181

(51,352)

244,693

\$ 193,341

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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, 2016**

	<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	\$ 60,905	\$ (60,905)	\$ -	\$ 14,173
99233.1	-	294,689	(294,689)	-	-
99233.3	6,930	20,106	(20,106)	-	6,930
<b>Total Lake County/City Area Planning Council</b>	<u>21,103</u>	<u>375,700</u>	<u>(375,700)</u>	<u>-</u>	<u>21,103</u>
<b>Lake Transit Authority</b>					
99260(a)	6,293	924,300	(924,300)	-	6,293
99262	40,843	-	(30,000)	-	10,843
<b>Total Lake Transit Authority</b>	<u>47,136</u>	<u>924,300</u>	<u>(954,300)</u>	<u>-</u>	<u>17,136</u>
<b>Totals</b>	<u>\$ 68,239</u>	<u>\$ 1,300,000</u>	<u>\$ (1,330,000)</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, 2016**

	<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	\$ -	\$ 327,205	\$ (241,517)	\$ -	\$ 85,688

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## **OTHER REPORT AND SCHEDULE**

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

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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 and each major fund of the Lake County/City Area Planning Council (Council), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated March 29, 2017.

**Internal Control Over Financial Reporting**

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

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

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

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

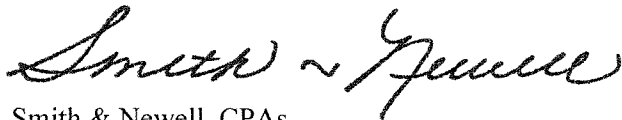
### **Compliance and Other Matters**

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

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

### **Purpose of this Report**

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

A handwritten signature in black ink, appearing to read "Smith & Newell", written in a cursive style.

Smith & Newell, CPAs  
Yuba City, California  
March 29, 2017

**LAKE COUNTY/CITY AREA PLANNING COUNCIL**  
**Schedule of Prior Year Findings and Recommendations**  
**For the Year Ended June 30, 2016**

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendation</u>
<b>2015-001</b>	<b>Fund Balance</b>
	<b>Recommendation</b>
	We recommend that the Council adopt a fund balance policy.
	<b>Status</b>
	Implemented

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