

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

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2021**

THIS PAGE INTENTIONALLY LEFT BLANK

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Annual Financial Report
For the Year Ended June 30, 2021

Table of Contents

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

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Annual Financial Report
For the Year Ended June 30, 2021

Table of Contents

	Page
OTHER REPORT AND SCHEDULES	
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.....	33-34
Schedule of Findings and Recommendations	35
Management’s Corrective Action Plan	36

INTRODUCTORY SECTION

- **List of Officials**

THIS PAGE INTENTIONALLY LEFT BLANK

LAKE COUNTY/CITY AREA PLANNING COUNCIL

List of Officials

For the Year Ended June 30, 2021

Board of Directors

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

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

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

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lake County/City Area Planning Council, Lakeport, California (Council), as of and for the year ended June 30, 2021, 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, 2021, 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.

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.

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.

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

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.

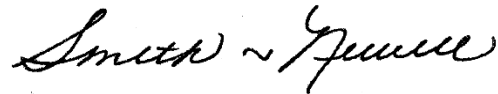
Report on Summarized Comparative Information

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, 2020, from which such partial information was derived.

We have previously audited the Council's June 30, 2020 financial statements and our report, dated June 22, 2021, 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, 2020, 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 September 29, 2022 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Council's internal control over financial reporting and compliance.



Smith & Newell CPAs
Yuba City, California
September 29, 2022

THIS PAGE INTENTIONALLY LEFT BLANK

Basic Financial Statements

- **Government-Wide Financial Statements**

THIS PAGE INTENTIONALLY LEFT BLANK

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Statement of Net Position
June 30, 2021

	<u>Total Governmental Activities</u>
ASSETS	
Cash and investments	\$ 2,572,615
Receivables:	
Intergovernmental	445,164
Sales tax	404,021
Advance to Lake Transit Authority	<u>102,025</u>
Total Assets	<u>3,523,825</u>
LIABILITIES	
Accounts payable	130,831
Due to Lake Transit Authority	<u>108,013</u>
Total Liabilities	<u>238,844</u>
NET POSITION	
Restricted for:	
Unallocated apportionments	165,550
Transportation	<u>3,119,431</u>
Total Net Position	<u><u>\$ 3,284,981</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, 2021

<u>Functions/Programs:</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental activities:				
Transportation	\$ 4,412,568	\$ -	\$ 4,548,163	\$ -
Total Governmental Activities	4,412,568	-	4,548,163	-
Total	\$ 4,412,568	\$ -	\$ 4,548,163	\$ -
General revenues and transfers:				
Interest and investment earnings				11,405
Transfer of FTA 5310 funds to Lake Transit Authority				(69,281)
Total General Revenues				(57,876)
Change in Net Position				77,719
Net Position - Beginning				3,207,262
Net Position - Ending				\$ 3,284,981

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

Basic Financial Statements

- **Fund Financial Statements**

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

LAKE COUNTY/CITY AREA PLANNING COUNCIL

Balance Sheet

Governmental Funds

June 30, 2021

(With summarized comparative totals for June 30, 2020)

	Local Transportation	State Transit Assistance	State of Good Repair	Work Program
ASSETS				
Cash and investments	\$ 1,021,955	\$ 78,742	\$ 209,638	\$ 3,412
Receivables:				
Intergovernmental	-	119,178	16,319	295,130
Sales tax	404,021	-	-	-
Due from other funds	50,000	-	-	-
Advance to Lake Transit Authority	102,025	-	-	-
	Total Assets	\$ 197,920	\$ 225,957	\$ 298,542
	\$ 1,578,001	\$ 197,920	\$ 225,957	\$ 298,542
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 122,870
Due to other funds	-	-	-	50,000
Due to Lake Transit Authority	-	-	108,013	-
	Total Liabilities	-	108,013	172,870
	-	-	108,013	172,870
FUND BALANCES				
Restricted	1,578,001	197,920	117,944	125,672
	Total Fund Balances	197,920	117,944	125,672
	1,578,001	197,920	117,944	125,672
Total Liabilities and Fund Balances	\$ 1,578,001	\$ 197,920	\$ 225,957	\$ 298,542

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

Administration	Regional Surface Transportation Program	Service Authority for Freeway Emergencies	Other Governmental Funds	Totals	
				2021	2020
\$ 30,965	\$ 2,147	\$ 1,023,542	\$ 202,214	\$ 2,572,615	\$ 2,280,494
-	-	14,537	-	445,164	479,388
-	-	-	-	404,021	400,049
-	-	-	-	50,000	-
-	-	-	-	102,025	300,000
<u>\$ 30,965</u>	<u>\$ 2,147</u>	<u>\$ 1,038,079</u>	<u>\$ 202,214</u>	<u>\$ 3,573,825</u>	<u>\$ 3,459,931</u>
\$ 5,049	\$ -	\$ 2,912	\$ -	\$ 130,831	\$ 252,669
-	-	-	-	50,000	-
-	-	-	-	108,013	-
<u>5,049</u>	<u>-</u>	<u>2,912</u>	<u>-</u>	<u>288,844</u>	<u>252,669</u>
<u>25,916</u>	<u>2,147</u>	<u>1,035,167</u>	<u>202,214</u>	<u>3,284,981</u>	<u>3,207,262</u>
<u>25,916</u>	<u>2,147</u>	<u>1,035,167</u>	<u>202,214</u>	<u>3,284,981</u>	<u>3,207,262</u>
<u>\$ 30,965</u>	<u>\$ 2,147</u>	<u>\$ 1,038,079</u>	<u>\$ 202,214</u>	<u>\$ 3,573,825</u>	<u>\$ 3,459,931</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2021

Total Fund Balances - Total Governmental Funds	\$ 3,284,981
No adjustments were needed to reconcile the governmental funds balance sheet to the government-wide statement of net position.	<u>-</u>
Net Position of Governmental Activities	<u><u>\$ 3,284,981</u></u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021
(With summarized comparative totals for June 30, 2020)

	<u>Local Transportation</u>	<u>State Transit Assistance</u>	<u>State of Good Repair</u>	<u>Work Program</u>
REVENUES				
Intergovernmental revenues:				
Local Transportation fund	\$ 2,107,949	\$ -	\$ -	\$ -
State Transit Assistance fund	-	462,326	-	-
State of Good Repair	-	-	96,805	-
Local Transportation fund allocation	-	-	-	50,000
Rural Planning Assistance	-	-	-	302,993
FTA Section 5304	-	-	-	-
FTA Section 5310	-	-	-	-
FHWA SPR	-	-	-	28,880
Planning, Programming, and Monitoring	-	-	-	46,000
State Highway Account	-	-	-	-
SB1	-	-	-	47,239
Local Road Safety Plan	-	-	-	45,683
Regional Surface Transportation Program	-	-	-	-
Vehicle registration fees	-	-	-	-
Use of money	2,590	375	628	-
Total Revenues	<u>2,110,539</u>	<u>462,701</u>	<u>97,433</u>	<u>520,795</u>
EXPENDITURES				
Current transportation:				
Planning and administration	665,719	-	-	501,238
Regional transit services	936,959	577,584	108,013	-
RSTP pass-through	-	-	-	-
Pedestrian and bicycle allocation	19,912	-	-	-
Transfer of FTA 5310 funds to Lake Transit Authority	-	-	-	-
Total Expenditures	<u>1,622,590</u>	<u>577,584</u>	<u>108,013</u>	<u>501,238</u>
Net Change in Fund Balances	487,949	(114,883)	(10,580)	19,557
Fund Balances - Beginning	<u>1,090,052</u>	<u>312,803</u>	<u>128,524</u>	<u>106,115</u>
Fund Balances - Ending	<u>\$ 1,578,001</u>	<u>\$ 197,920</u>	<u>\$ 117,944</u>	<u>\$ 125,672</u>

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

<u>Administration</u>	<u>Regional Surface Transportation Program</u>	<u>Service Authority for Freeway Emergencies</u>	<u>Other Governmental Funds</u>	<u>Totals</u>	
				<u>2021</u>	<u>2020</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,107,949	\$ 1,760,003
-	-	-	-	462,326	578,370
-	-	-	-	96,805	93,992
565,938	-	-	19,912	635,850	707,637
-	-	-	-	302,993	283,159
-	-	-	-	-	73,622
-	-	-	-	-	176,442
-	-	-	-	28,880	12,320
-	-	-	-	46,000	40,000
-	-	-	-	-	193,255
-	-	-	-	47,239	40,713
-	-	-	-	45,683	-
-	687,991	-	-	687,991	656,399
-	-	86,447	-	86,447	80,346
-	3,048	4,731	33	11,405	36,372
<u>565,938</u>	<u>691,039</u>	<u>91,178</u>	<u>19,945</u>	<u>4,559,568</u>	<u>4,732,630</u>
549,055	-	87,488	1	1,803,501	2,379,777
-	-	-	-	1,622,556	1,363,049
-	966,599	-	-	966,599	662,394
-	-	-	-	19,912	20,500
-	-	-	69,281	69,281	-
<u>549,055</u>	<u>966,599</u>	<u>87,488</u>	<u>69,282</u>	<u>4,481,849</u>	<u>4,425,720</u>
16,883	(275,560)	3,690	(49,337)	77,719	306,910
9,033	277,707	1,031,477	251,551	3,207,262	2,900,352
<u>\$ 25,916</u>	<u>\$ 2,147</u>	<u>\$ 1,035,167</u>	<u>\$ 202,214</u>	<u>\$ 3,284,981</u>	<u>\$ 3,207,262</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, 2021

Net Change in Fund Balance - Total Governmental Funds	\$ 77,719
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>\$ 77,719</u></u>

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

Basic Financial Statements

- **Notes to Basic Financial Statements**

THIS PAGE INTENTIONALLY LEFT BLANK

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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.

Component Units

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.

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

Related Organizations

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

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all the activities of the Council. These statements include only the financial activities of the Council. Eliminations have been made to minimize double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements report the governmental activities of the Council, which are normally supported by intergovernmental revenues. The Council had no business-type activities at June 30, 2021.

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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 the local transportation activities. Funding comes from transportation fund allocations.
- The State Transit Assistance fund is a special revenue fund used to account for the receipt and expenditure of State Transit Assistance funds. Funding comes primarily from state transit assistance fund allocations.
- The State of Good Repair fund is a special revenue fund used to account for the receipt and expenditure of State of Good Repair funds. Funding comes primarily from state of good repair 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 (RSTP) 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 (SAFE) 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, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Council gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales tax, grants, entitlements, and donations. Under the accrual basis, revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

E. 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, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Advance to Lake Transit Authority

On January 22, 2021, the Council made an interest-free advance of 2021-2022 Local Transportation Funds to Lake Transit Authority in the amount of \$102,025 to cover delays in reimbursable grant funding.

I. Capital Assets

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

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

At June 30, 2021, 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. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.” Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

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

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. Compensated Absences and Other Postemployment Benefits

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

L. 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, 2021 was \$526,938 and was included in expenditures in the Administration fund.

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2021, 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, 2021, the Council did not have any deferred inflows of resources.

N. Estimates

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

O. Implementation of Governmental Accounting Standards Board (GASB) Statement

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

Statement No. 84, “Fiduciary Activities.” The requirements of this statement are effective for periods beginning after December 15, 2019. The Council does not have any fiduciary activities to report for the year ended June 30, 2021.

Statement No. 90, “Majority Equity Interest.” In September 2018, the GASB issued Statement No. 90, an amendment of GASB Statements No. 14 and No. 61. The requirements of this statement will take effect for financial statement starting with the fiscal year that ends June 30, 2021. The Council does not have any majority equity interests to report for the year ended June 30, 2021.

P. Future Accounting Pronouncements

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

Statement No. 87 “Leases” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 89 “Accounting for Interest Cost Incurred Before the End of a Construction Period” The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)

Statement No. 91 “Conduit Debt Obligations” The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Future Accounting Pronouncements (Continued)

Statement No. 92 “Omnibus 2020” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 93 “Replacement of Interbank Offered Rates” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 96 “Subscription-Based Information Technology Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

NOTE 2: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2021, the Council’s cash and investments consisted of the following:

Investments:	
Lake County Treasurer’s pool	\$ 2,572,615
Total Cash and Investments	<u>\$ 2,572,615</u>

B. Investments

The Council does not have a formal investment policy. At June 30, 2021, 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:

- Bankers’ 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, 2021

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

As of June 30, 2021, the Council held no individual investments. Accordingly, the measurement of fair value for the Council's proportionate share of investments in the County investment pool is based on uncategorized inputs not defined as Level 1, Level 2, or Level 3. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosure 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 a 255 North Forbes Street, Lakeport, Ca 95453.

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, 2021, the Council's investments were all held with the County of Lake investment pool which is not rated by a nationally recognized statistical rating organization.

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

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

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

C. Investment in External Pool

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

Due From/To Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds.

The following are due from and due to balances as of June 30, 2021:

	Due From Other Funds	Due To Other Funds
Local Transportation	\$ 50,000	\$ -
Work Program	-	50,000
Total	\$ 50,000	\$ 50,000

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.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects, debt service requirements and other special revenue fund purposes.

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 4: NET POSITION (CONTINUED)

- **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, 2021, fund balance for the governmental funds is made up of the following:

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

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 5: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2021, were distributed as follows:

	Restricted for:		
	Unallocated Apportionments	Transportation	Total
Local Transportation	\$ 38,239	\$ 1,539,762	\$ 1,578,001
State Transit Assistance	46,293	151,627	197,920
State of Good Repair	81,018	36,926	117,944
Work Program	-	125,672	125,672
Administration	-	25,916	25,916
Regional Surface Transportation Program	-	2,147	2,147
Service Authority of Freeway Emergencies	-	1,035,167	1,035,167
Other Governmental Funds	-	202,214	202,214
Totals	<u>\$ 165,550</u>	<u>\$ 3,119,431</u>	<u>\$ 3,284,981</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, 2021 were \$6,000.

NOTE 8: OTHER INFORMATION

A. Subsequent Events

Management has evaluated events subsequent to June 30, 2021 through September 29, 2022, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

**Required Supplementary Information
(Unaudited)**

THIS PAGE INTENTIONALLY LEFT BLANK

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Required Supplementary Information
Budgetary Comparison Schedule
Local Transportation - Major Special Revenue Fund
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local Transportation fund	\$ 1,767,569	\$ 2,213,747	\$ 2,107,949	\$ (105,798)
Use of money	-	-	2,590	2,590
Total Revenues	<u>1,767,569</u>	<u>2,213,747</u>	<u>2,110,539</u>	<u>(103,208)</u>
EXPENDITURES				
Current transportation:				
Planning and administration	821,948	1,268,126	665,719	602,407
Regional transit services	925,709	925,709	936,959	(11,250)
Pedestrian and bicycle allocation	19,912	19,912	19,912	-
Total Expenditures	<u>1,767,569</u>	<u>2,213,747</u>	<u>1,622,590</u>	<u>591,157</u>
Net Change in Fund Balances	-	-	487,949	487,949
Fund Balances - Beginning	<u>1,090,052</u>	<u>1,090,052</u>	<u>1,090,052</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,090,052</u>	<u>\$ 1,090,052</u>	<u>\$ 1,578,001</u>	<u>\$ 487,949</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
State Transit Assistance fund	\$ 597,584	\$ 517,583	\$ 462,326	\$ (55,257)
Use of money	-	-	375	375
Total Revenues	<u>597,584</u>	<u>517,583</u>	<u>462,701</u>	<u>(54,882)</u>
EXPENDITURES				
Current transportation:				
Regional transit services	<u>597,584</u>	<u>517,583</u>	<u>577,584</u>	<u>(60,001)</u>
Total Expenditures	<u>597,584</u>	<u>517,583</u>	<u>577,584</u>	<u>(60,001)</u>
Net Change in Fund Balances	-	-	(114,883)	(114,883)
Fund Balances - Beginning	<u>312,803</u>	<u>312,803</u>	<u>312,803</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 312,803</u>	<u>\$ 312,803</u>	<u>\$ 197,920</u>	<u>\$ (114,883)</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Required Supplementary Information
Budgetary Comparison Schedule
State of Good Repair - Major Special Revenue Fund
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
State of Good Repair	\$ 95,601	\$ 211,707	\$ 96,805	\$ (114,902)
Use of money	-	-	628	628
Total Revenues	<u>95,601</u>	<u>211,707</u>	<u>97,433</u>	<u>(114,274)</u>
EXPENDITURES				
Current transportation:				
Regional transit services	<u>95,601</u>	<u>211,707</u>	<u>108,013</u>	<u>103,694</u>
Total Expenditures	<u>95,601</u>	<u>211,707</u>	<u>108,013</u>	<u>103,694</u>
Net Change in Fund Balances	-	-	(10,580)	(10,580)
Fund Balances - Beginning	<u>128,524</u>	<u>128,524</u>	<u>128,524</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 128,524</u>	<u>\$ 128,524</u>	<u>\$ 117,944</u>	<u>\$ (10,580)</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental revenues:				
Local Transportation fund allocation	\$ -	\$ -	\$ 50,000	\$ 50,000
Rural Planning Assistance	319,000	362,078	302,993	(59,085)
FTA Section 5311	243,503	243,503	-	(243,503)
FHWA SPR	64,000	126,680	28,880	(97,800)
Planning, Programming, and Monitoring	46,190	59,899	46,000	(13,899)
Regional Early Action Planning	-	261,729	-	(261,729)
SB1	53,119	71,721	47,239	(24,482)
Local Road Safety Plan	-	-	45,683	45,683
Total Revenues	<u>725,812</u>	<u>1,125,610</u>	<u>520,795</u>	<u>(604,815)</u>
EXPENDITURES				
Current transportation:				
Overall Work Program:				
600 - Regional planning and intergovernmental coordination	133,989	133,989	114,959	19,030
601 - TDA activities and coordination	36,600	36,600	28,241	8,359
602 - Transit planning and performance monitoring	15,000	15,000	12,111	2,889
603 - Transit passenger survey	25,863	25,863	25,477	386
604 - Lake county project reserve	43,904	43,904	-	43,904
605 - Federal and state grant preparation, monitoring program	45,161	52,661	49,634	3,027
606 - Speed zone studies	12,500	12,500	-	12,500
607 - Special studies	41,497	48,997	25,591	23,406
608 - Planning, programming & monitoring	37,421	37,421	37,421	-
609 - Sustainable transportation planning	7,500	7,500	7,500	-
610 - Active transportation	10,000	10,000	6,914	3,086
611 - Pavement management program inventory update	6,500	6,500	6,500	-
612 - Technology support services	21,536	6,536	500	6,036
613 - Transportation information outreach	2,000	2,000	2,000	-
614 - Regional and active transportation plans update	45,000	45,000	39,921	5,079
616 - Training	10,035	10,035	384	9,651
617 - SR 53 Corridor local circulation study	158,350	158,350	36,100	122,250
618 - Local road safety plans	135,000	135,000	50,683	84,317
620 - VMT Regional baseline study	81,013	81,013	53,359	27,654
Regional Early Action Planning	26,173	26,173	3,943	22,230
Total Expenditures	<u>895,042</u>	<u>895,042</u>	<u>501,238</u>	<u>393,804</u>
Net Change in Fund Balances	(169,230)	230,568	19,557	(211,011)
Fund Balances - Beginning	<u>106,115</u>	<u>106,115</u>	<u>106,115</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (63,115)</u>	<u>\$ 336,683</u>	<u>\$ 125,672</u>	<u>\$ (211,011)</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Required Supplementary Information
Budgetary Comparison Schedule
Administration - Major Special Revenue Fund
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local Transportation fund allocation	\$ 565,938	\$ 565,938	\$ 565,938	\$ -
Total Revenues	<u>565,938</u>	<u>565,938</u>	<u>565,938</u>	<u>-</u>
EXPENDITURES				
Current transportation:				
Planning and administration	565,938	565,938	549,055	16,883
Total Expenditures	<u>565,938</u>	<u>565,938</u>	<u>549,055</u>	<u>16,883</u>
Net Change in Fund Balances	-	-	16,883	16,883
Fund Balances - Beginning	<u>9,033</u>	<u>9,033</u>	<u>9,033</u>	-
Fund Balances - Ending	<u>\$ 9,033</u>	<u>\$ 9,033</u>	<u>\$ 25,916</u>	<u>\$ 16,883</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Other State grants	\$ 687,991	\$ 965,655	\$ 687,991	\$ (277,664)
Use of money	-	-	3,048	3,048
Total Revenues	<u>687,991</u>	<u>965,655</u>	<u>691,039</u>	<u>(274,616)</u>
EXPENDITURES				
Current transportation: RSTP pass-through	<u>687,991</u>	<u>965,655</u>	<u>966,599</u>	<u>(944)</u>
Total Expenditures	<u>687,991</u>	<u>965,655</u>	<u>966,599</u>	<u>(944)</u>
Net Change in Fund Balances	-	-	(275,560)	(275,560)
Fund Balances - Beginning	<u>277,707</u>	<u>277,707</u>	<u>277,707</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 277,707</u>	<u>\$ 277,707</u>	<u>\$ 2,147</u>	<u>\$ (275,560)</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Vehicle registration fees	\$ 80,500	\$ 80,500	\$ 86,447	\$ 5,947
Use of money	18,500	18,500	4,731	(13,769)
Total Revenues	<u>99,000</u>	<u>99,000</u>	<u>91,178</u>	<u>(7,822)</u>
EXPENDITURES				
Current transportation:				
Planning and administration	<u>528,015</u>	<u>528,015</u>	<u>87,488</u>	<u>440,527</u>
Total Expenditures	<u>528,015</u>	<u>528,015</u>	<u>87,488</u>	<u>440,527</u>
Net Change in Fund Balances	(429,015)	(429,015)	3,690	432,705
Fund Balances - Beginning	<u>1,031,477</u>	<u>1,031,477</u>	<u>1,031,477</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 602,462</u>	<u>\$ 602,462</u>	<u>\$ 1,035,167</u>	<u>\$ 432,705</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Required Supplementary Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2021

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended June 30, 2021, 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	\$ 517,583	\$ 577,584	\$ 60,001
Regional Surface Transportation Program	965,655	966,599	944

Combining Nonmajor Fund Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
June 30, 2021

	Local Transportation 2% Reserve	Planning	Transportation Enhancement Act	Consolidated Transportation Services	Totals
ASSETS					
Cash and investments	\$ 195,038	\$ -	\$ 7,176	\$ -	\$ 202,214
Total Assets	<u>\$ 195,038</u>	<u>\$ -</u>	<u>\$ 7,176</u>	<u>\$ -</u>	<u>\$ 202,214</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	195,038	-	7,176	-	202,214
Total Fund Balances	<u>195,038</u>	<u>-</u>	<u>7,176</u>	<u>-</u>	<u>202,214</u>
Total Liabilities and Fund Balances	<u>\$ 195,038</u>	<u>\$ -</u>	<u>\$ 7,176</u>	<u>\$ -</u>	<u>\$ 202,214</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended June 30, 2021

	<u>Local Transportation 2% Reserve</u>	<u>Planning</u>	<u>Transportation Enhancement Act</u>	<u>Consolidated Transportation Services</u>	<u>Totals</u>
REVENUES					
Intergovernmental revenues:					
Local Transportation fund allocation	\$ 19,912	\$ -	\$ -	\$ -	\$ 19,912
Use of money	-	-	33	-	33
Total Revenues	<u>19,912</u>	<u>-</u>	<u>33</u>	<u>-</u>	<u>19,945</u>
EXPENDITURES					
Current transportation:					
Planning and administration	-	1	-	-	1
Transfer of FTA 5310 funds to Lake Transit Authority	-	-	-	69,281	69,281
Total Expenditures	<u>-</u>	<u>1</u>	<u>-</u>	<u>69,281</u>	<u>69,282</u>
Net Change in Fund Balances	19,912	(1)	33	(69,281)	(49,337)
Fund Balances - Beginning	<u>175,126</u>	<u>1</u>	<u>7,143</u>	<u>69,281</u>	<u>251,551</u>
Fund Balances - Ending	<u>\$ 195,038</u>	<u>\$ -</u>	<u>\$ 7,176</u>	<u>\$ -</u>	<u>\$ 202,214</u>

Schedules of Allocations and Expenditures

THIS PAGE INTENTIONALLY LEFT BLANK

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Schedule of Allocations and Expenditures
Local Transportation Fund
For the Year Ended June 30, 2021

	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	-	565,938	(565,938)	-	-
99233.3	6,930	19,912	(19,912)	-	6,930
99233.7	-	49,781	(49,781)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Lake County/City Area Planning Council	21,103	685,631	(685,631)	-	21,103
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Lake Transit Authority					
99260(a)	6,293	875,928	(875,928)	-	6,293
99262	10,843	-	-	-	10,843
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Lake Transit Authority	17,136	875,928	(875,928)	-	17,136
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 38,239</u>	<u>\$ 1,561,559</u>	<u>\$ (1,561,559)</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, 2021

	<u>Beginning Allocations as Adjusted</u>	<u>Allocated</u>	<u>Expended</u>	<u>Rescinded</u>	<u>Ending Allocations as Adjusted</u>
Lake Transit Authority 99313.3	\$ 26,293	\$ 597,584	\$ (577,584)	\$ -	\$ 46,293
Total Lake Transit Authority	<u>\$ 26,293</u>	<u>\$ 597,584</u>	<u>\$ (577,584)</u>	<u>\$ -</u>	<u>\$ 46,293</u>

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Schedule of Allocations and Expenditures
State of Good Repair
For the Year Ended June 30, 2021

	<u>Beginning Allocations as Adjusted</u>	<u>Allocated</u>	<u>Expended</u>	<u>Rescinded</u>	<u>Ending Allocations as Adjusted</u>
Lake Transit Authority 99312.1	\$ 93,430	\$ 95,601	\$ (108,013)	\$ -	\$ 81,018
Total Lake Transit Authority	<u>\$ 93,430</u>	<u>\$ 95,601</u>	<u>\$ (108,013)</u>	<u>\$ -</u>	<u>\$ 81,018</u>

THIS PAGE INTENTIONALLY LEFT BLANK

OTHER REPORT AND SCHEDULES

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

THIS PAGE INTENTIONALLY LEFT BLANK

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND THE RULES AND
REGULATIONS OF THE TRANSPORTATION DEVELOPMENT ACT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the applicable fiscal audit requirements of the Transportation Development Act including Public Utilities Code Section 99245 and the California Code of Regulations 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, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated September 29, 2022.

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) as a basis for designing 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as item 2021-001, that we consider to be a material weakness.

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 financial statements. 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.

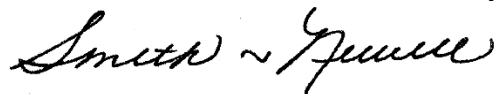
Additionally, we performed tests to determine that allocations made and expenditures paid by the Council were made in accordance with the allocation instructions and resolutions of the Council and in conformance with the California Transportation Development Act. Specifically, we performed each of the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



Smith & Newell CPAs
Yuba City, California
September 29, 2022

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Schedule of Findings and Recommendations
For the Year Ended June 30, 2021

2021-001 Audit Adjustments (Material Weakness)

Criteria

Government auditing standards require independent auditors to evaluate all misstatements of financial statements. Also, producing timely audited financial statements is more difficult when accounts are not reconciled prior to the start of the annual audit.

Condition

At the time of our audit, we noted that the financial statements as presented to us for audit were presented on the cash basis of accounting and did not include receivable and payable accruals as well as capital assets as of June 30, 2021. In addition, revenues and expenditures were not properly classified in the County system reports.

Cause

The Council keeps their records in the County of Lake accounting system which maintains their records on the cash basis for outside entities. The Council is in the process of maintaining a detailed general ledger in QuickBooks that includes all accruals and correctly classifies revenues and expenditures in appropriate accounts. The Council maintains spreadsheets and additional reconciliations and extensive audit work is required to reconcile the spreadsheets and correctly classify revenues and expenditures.

Effect

The financial statements required adjustments to record year end accruals in the amount of \$849,185 for receivables and \$130,831 for payables. In addition, an analysis of revenues and expenditures was required to reconcile the County system reports to the Council's spreadsheets.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

Not a repeat finding.

Recommendation

We recommend that the Council maintain their records on the accrual basis of accounting and record year end accruals and capital assets owned by the Council, as well as ensure that all revenues and expenditures are classified in appropriate accounts.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

LAKE COUNTY/CITY AREA PLANNING COUNCIL
Management's Corrective Action Plan
For the Year Ended June 30, 2021

2021-001 Audit Adjustments (Material Weakness)

We recommend that the Council maintain their records on the accrual basis of accounting and record year end accruals and capital assets owned by the Council, as well as ensuring that all revenues and expenditures are classified in appropriate accounts.

Management's Response: Government auditing standards require independent auditors to evaluate all misstatements of financial statements. Also, producing timely audited financial statements is more difficult when accounts are not reconciled prior to the start of the annual audit.

Responsible Individual: Lisa Davey-Bates, Executive Director, James Sookne, Program Manager, and Alexis Pedrotti, Project Manager

Corrective Action Plan: APC has implemented a system to ensure all receivables and revenues are properly accounted for prior to year-end to ensure that they are correctly stated and adjusted. Staff will compare its internal bookkeeping system with the County of Lake Auditor's Office to certify revenue and expenditures are balanced on a regular basis.

Anticipated Completion Date: June 30, 2023