

IMPERIAL COUNTY TRANSPORTATION COMMISSION

Financial Report of the
Transit Planning and Programs Management Fund
June 30, 2016 and 2015

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	3 - 4
FINANCIAL STATEMENTS	
Statements of Net Position	5
Statements of Revenues, Expenses and Changes in Net Position	6
Statements of Cash Flows	7
Notes to the Financial Statements	8 - 12
SUPPLEMENTARY INFORMATION	
Schedule I - State Transit Revenues	14
Schedule II - Federal Grant Revenues	14
Schedule III - ICTC Reimbursements Revenues	14
Schedule IV - Purchased Transportation Services	14
Schedule V - Professional Services	14
Schedule VI - General Administration	15
Schedule VII - Capital Project Expenses	16
SINGLE AUDIT SECTION	
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	17 - 18
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	19 - 21
Schedule of Expenditures of Federal Awards	22
Schedule of Findings and Responses	23 - 25
Notes to Schedule of Expenditures of Federal Awards	26



INDEPENDENT AUDITORS' REPORT

To the Commission Board Members
County of Imperial, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Transit Planning and Programs Management fund of the Imperial County Transportation Commission as of and for the years ended June 30, 2016 and 2015, and the related notes to the 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 an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transit Planning and Programs Management fund of the Imperial County Transportation Commission as of June 30, 2016 and 2015, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

As discussed in Note 2, the financial statements present only the Transit Planning and Programs Management fund and are not intended to present fairly the financial position of the Imperial County Transportation Commission and the changes in financial position and cash flows in accordance with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 16, 2017 on our consideration of the Imperial County Transportation Commission Management's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, the Transportation Development Act (TDA) Statutes and California Codes of Regulation (CCR) 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 the 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 Imperial County Transportation Commission's internal control over financial reporting and compliance.

Hutchinson and Bloodgood LLP

March 16, 2017

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT FUND**

Statements of Net Position
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Cash and Investments	\$ 7,819,772	\$ 4,608,918
Federal Grant Receivable	789,497	278,987
Interest Receivable	<u>10,631</u>	<u>7,954</u>
Total Current Assets	<u>8,619,900</u>	<u>4,895,859</u>
Noncurrent Assets:		
Fixed Assets	9,574,433	5,073,143
Less Accumulated Depreciation	<u>(1,305,708)</u>	<u>(535,448)</u>
Total Noncurrent Assets	<u>8,268,725</u>	<u>4,537,695</u>
Total Assets	<u>16,888,625</u>	<u>9,433,554</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	706,264	542,287
Due To Other Funds	<u>158</u>	<u>--</u>
Total Current Liabilities	<u>706,422</u>	<u>542,287</u>
NET POSITION		
Net Position:		
Investment in Fixed Assets	8,268,725	4,537,695
Restricted	5,404,928	3,858,382
Unrestricted	<u>2,508,550</u>	<u>495,190</u>
Total Net Position	<u>\$ 16,182,203</u>	<u>\$ 8,891,267</u>

IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT FUND
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015

	2016	2015
Operating Revenues:		
State Transit Revenues	\$ 10,898,944	\$ 9,001,423
Federal Grant Revenues	2,933,425	3,302,283
Passenger Fares	866,903	892,019
ICTC Reimbursements	<u>1,132,025</u>	<u>820,450</u>
Total Operating Revenues	<u>15,831,297</u>	<u>14,016,175</u>
Operating Expenses:		
Purchased Transportation Services	7,009,743	7,152,860
Professional Services	201,589	155,014
General Administration	1,367,399	984,828
Capital Projects	<u>--</u>	<u>1,410,027</u>
Total Operating Expenses	<u>8,578,731</u>	<u>9,702,729</u>
Operating Income	<u>7,252,566</u>	<u>4,313,446</u>
Nonoperating Revenues:		
Interest Revenue	<u>38,370</u>	<u>30,274</u>
Total Nonoperating Revenues	<u>38,370</u>	<u>30,274</u>
Change in Net Position	7,290,936	4,343,720
Net Position Beginning, July 1	<u>8,891,267</u>	<u>4,547,547</u>
Net Position Ending, June 30	<u>\$ 16,182,203</u>	<u>\$ 8,891,267</u>

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT FUND**

Statements of Cash Flows

For the Fiscal Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Passenger Fares	\$ 866,903	\$ 892,019
Receipts from Transit Services	13,321,859	12,590,630
Other Receipts	1,132,025	820,450
Payment for Transportation Services	(6,845,608)	(8,571,207)
Payment for General Administration	(597,139)	(463,010)
Payment for Professional Services	<u>(201,589)</u>	<u>(155,014)</u>
Net Cash Provided by Operating Activities	<u>7,676,451</u>	<u>5,113,868</u>
CASH FLOWS FROM CAPITAL ACTIVITIES		
Acquisition of Fixed Assets	<u>(4,501,290)</u>	<u>(5,031,689)</u>
Net Cash Used for Capital Activities	<u>(4,501,290)</u>	<u>(5,031,689)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Earned	<u>35,693</u>	<u>26,146</u>
Net Cash Provided by Investing Activities	<u>35,693</u>	<u>26,146</u>
Net Increase in Cash and Cash Equivalents	3,210,854	108,325
Cash and Cash Equivalents, July 1	<u>4,608,918</u>	<u>4,500,593</u>
Cash and Cash Equivalents, June 30	<u>\$ 7,819,772</u>	<u>\$ 4,608,918</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	<u>\$ 7,252,566</u>	<u>\$ 4,313,446</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	770,260	521,818
(Increase) Decrease in:		
Accounts Receivable	(510,510)	286,924
(Decrease) Increase in:		
Accounts Payable	163,977	(4,623)
Encumbrances Payable	--	(3,262)
Due To Other Funds	<u>158</u>	<u>(435)</u>
Total Adjustments	<u>423,885</u>	<u>800,422</u>
Net Cash Provided by Operating Activities	<u>\$ 7,676,451</u>	<u>\$ 5,113,868</u>

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT**

Notes to the Financial Statements
June 30, 2016 and 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entities

The Transit Planning and Programs Management Section of the Imperial County Transportation Commission was established in order to effectively administer the various transit programs, grants and services provided either in house or under contract with various providers. The program utilizes various State and federal grants including the Federal Transportation Administration "FTA" Sections 5307, 5310 and 5311. The specific federal funds received are programmed to be utilized for operational costs of Imperial Valley Transit (IVT), the IVT Blue, Green and Gold Lines and IVT ACCESS, the ADA paratransit system and the Mobility Coordination program.

The Imperial County Auditor-Controller's office acts as a trustee for the funds received and disbursed. The FTA Section 5307 and 5311 funds are not accessed until a scope of work is approved. The FTA Section 5307 and 5311 grants are developed based on estimates for each fiscal year, which are not available until October of each year.

Basis of Accounting

The funds are accounted for in a proprietary fund using the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Cash Equivalents

For purposes of the statement of cash flows, the Imperial County Transportation Commission considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Comparative Data

Comparative data for the prior year is presented in the accompanying financial statements in order to provide an understanding of changes in the funds' financial positions and operations.

Note 2. ANNUAL FINANCIAL STATEMENTS

The financial statements are intended to present the financial position, results of operations and compliance with the Transportation Development Act for the Imperial County Transportation Commission Transit Planning and Programs Management fund only.

Note 3. CASH AND INVESTMENTS

Cash is pooled with other cash of the County of Imperial to maximize investment opportunity and yields. Investment income resulting from this pooling is allocated to the respective funds based upon monthly average cash balances. Information regarding categorization of investments and risk can be found in the County's financial statements. The financial statements for the County of Imperial may be obtained by contacting the Auditor-Controller's office in El Centro, CA.

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT**

Notes to the Financial Statements
June 30, 2016 and 2015

Note 3. CASH AND INVESTMENTS (Continued)

Investments are stated at fair value in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Note 4. FEDERAL GRANTS RECEIVABLE

During fiscal years ended June 30, 2016 and 2015 there was an amount of \$789,497 and \$278,987, respectively, to recognize the Federal Grant revenues accrued for the year that were received in the subsequent year.

Note 5. FIXED ASSETS

During fiscal years ended June 30, 2016 and 2015 there was an amount of \$8,268,725 and \$4,537,695, respectively, which is the total fixed assets less accumulated depreciation and represents the total net investment in fixed assets. During the fiscal year ended June 30, 2016 there was an acquisition of six 2015 Gillig buses (IVT), six 2016 cutaways (IVT), two ICTC vehicles, one 2014 MV1 (IVT Ride), eleven 2016 cutaways (IVT ACCESS) by \$4,501,290 for the year, including a net increase of \$770,259 in accumulated depreciation.

Note 6. ACCOUNTS PAYABLE

During fiscal years ended June 30, 2016 and 2015 there was an amount of \$706,264 and \$542,287, respectively, to recognize operational expenses for the year that were paid in the following fiscal year.

Note 7. NET POSITION

The total net position is composed of those funds invested in fixed assets, restricted funds and all other net position is unrestricted. Investment in fixed assets includes fixed assets net of accumulated depreciation. Net position is restricted and it includes funds reserved for future capital expenditures and other liabilities.

Net Position at June 30,	2016	2015
Investment in Fixed Assets	<u>\$ 8,268,725</u>	<u>\$ 4,537,695</u>
Restricted	<u>\$ 5,404,928</u>	<u>\$ 3,858,382</u>
Unrestricted	<u>\$ 2,508,550</u>	<u>\$ 495,190</u>

During the fiscal years ended June 30, 2016 and 2015 the total net position amount of \$16,182,203 and \$8,891,267, respectively.

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT**

Notes to the Financial Statements
June 30, 2016 and 2015

Note 8. FEDERAL TRANSIT FORMULA GRANTS

The following consists of the Activity of the U.S. Department of Transportation Federal Transit Grant (Urbanized Area Formula Program - Federal Grant 5307 and 5310):

Program Number CA-90-Z195		50% Federal	100% Federal	
		Reimbursement	Reimbursement	
for IVT, IVT Access		Operations	Capital	Total
Fiscal Year 14/15	Operations	<u>\$ 2,371,399</u>	<u>\$ --</u>	<u>\$ 2,371,399</u>
Requested	6/30/16	<u>523,324</u>	<u>--</u>	<u>523,324</u>
	Per grant	<u>832,920</u>	<u>--</u>	<u>832,920</u>
FTA 5307	Available Grant	<u>\$ 309,596</u>	<u>\$ --</u>	<u>\$ 309,596</u>
fully expended	Balance at 6/30/16			
Program Number CA-90-Z258		50% Federal	100% Federal	
		Reimbursement	Reimbursement	
for IVT, IVT Access		Operations	Capital	Total
Fiscal Year 15/16	Operations	<u>\$ 2,133,875</u>	<u>\$ --</u>	<u>\$ 2,133,875</u>
Requested	6/30/16	<u>1,605,814</u>	<u>--</u>	<u>1,605,814</u>
	Per grant	<u>2,133,875</u>	<u>--</u>	<u>2,133,875</u>
FTA 5307	Available Grant	<u>\$ 528,061</u>	<u>\$ --</u>	<u>\$ 528,061</u>
	Balance at 6/30/16			
Program Number SA64AM16-0045		50% Federal	80% Federal	
		Reimbursement	Reimbursement	
Mobility		Operations	Capital	Total
Management				
Fiscal Year 14/15	Operations	<u>\$ 180,000</u>	<u>\$ --</u>	<u>\$ 180,000</u>
Requested	6/30/16	<u>14,790</u>	<u>--</u>	<u>14,790</u>
	Per grant	<u>180,000</u>	<u>--</u>	<u>180,000</u>
FTA 5310	Available Grant	<u>\$ 165,210</u>	<u>\$ --</u>	<u>\$ 165,210</u>
	Balance at 6/30/16			
Program Number SA 643720		50% Federal	80% Federal	
		Reimbursement	Reimbursement	
New Freedom		Operations	Capital	Total
Fiscal Year 13/14	Operations	<u>\$ 200,000</u>	<u>\$ --</u>	<u>\$ 200,000</u>
Requested	6/30/16	<u>1,937</u>	<u>--</u>	<u>1,937</u>
	Per grant	<u>200,000</u>	<u>--</u>	<u>200,000</u>
FTA 5317	Available Grant	<u>\$ 198,063</u>	<u>\$ --</u>	<u>\$ 198,063</u>
	Balance at 6/30/16			

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT**

Notes to the Financial Statements
June 30, 2016 and 2015

Note 8. FEDERAL TRANSIT FORMULA GRANTS (Continued)

The following consists of the Activity of the U.S. Department of Transportation Federal Transit Grant (Rural Area Formula Program - Federal Grant 5311) Passthrough the State Department of Transportation CALTRANS:

Program Number 64B015-00315		50% Federal	80% Federal	
		Reimbursement	Reimbursement	
for IVT		Operations	Capital	Total
Fiscal Year 14/15	Operations	\$ 97,936	\$ --	\$ 97,936
Requested	6/30/16	<u>97,936</u>	<u>--</u>	<u>97,936</u>
	Per grant	<u>97,936</u>	<u>--</u>	<u>97,936</u>
FTA 5311	Available Grant	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
fully expended	Balance at 6/30/16			
Program Number 64B015-00316		50% Federal	80% Federal	
		Reimbursement	Reimbursement	
for IVT Access		Operations	Capital	Total
Fiscal Year 14/15	Operations	\$ 44,964	\$ --	\$ 44,964
Requested	6/30/16	<u>44,964</u>	<u>--</u>	<u>44,964</u>
	Per grant	<u>44,964</u>	<u>--</u>	<u>44,964</u>
FTA 5311	Available Grant	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
fully expended	Balance at 6/30/16			
Program Number SA 6414202		50% Federal	80% Federal	
		Reimbursement	Reimbursement	
for IVT - GOLD		Operations	Capital	Total
Fiscal Year 14/15	Operations	\$ 134,150	\$ --	\$ 134,150
Requested	6/30/16	<u>134,150</u>	<u>--</u>	<u>134,150</u>
	Per grant	<u>134,150</u>	<u>--</u>	<u>134,150</u>
FTA 5311	Available Grant	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
fully expended	Balance at 6/30/16			

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT**

Notes to the Financial Statements
June 30, 2016 and 2015

Note 9. RESTATEMENT OF PRIOR PERIOD

A failure to capitalize a purchase of fixed assets and record related annual depreciation resulted in the following changes on financial statement line items as of June 30, 2012.

	As Previously Reported	As Restated	Effect of Correction
Statement of Net Position at June 30, 2015:			
Federal Grant Receivable	\$ 800,933	\$ 278,987	\$ (521,946)
Encumbrance Payable	\$ 1,101,498	\$ --	\$ (1,101,498)
Net position- Investment in Fixed Assets	\$ --	\$ 4,537,695	\$ 4,537,695
Net position- Unrestricted	\$ 4,453,333	\$ 495,190	\$ (3,958,143)
Statement of Revenues, Expenses, and Changes in Net Position for year ended June 30, 2015:			
Federal Grant Revenues	\$ 3,473,378	\$ 3,302,283	\$ (171,095)
Net income	\$ 4,514,815	\$ 4,343,720	\$ (171,095)

Note 10. RECLASSIFICATIONS

Certain amounts in the 2015 financial statements have been reclassified to conform with the 2016 financial statement presentation. Such reclassifications had no effect on net position reported.

Note 11. SUBSEQUENT EVENTS

Management has evaluated its June 30, 2016 and 2015, financial statements for subsequent events through March 16, 2017, the date of issuance of the financial statements. The Commission is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT FUND**

Schedules of Supplementary Information
For the Fiscal Years Ended June 30, 2016 and 2015

	2016	2015
Schedule I - State Transit Revenues		
State Transit Revenue - TDA/LTF/STA	\$ 7,224,948	\$ 7,877,311
State Transit Revenue - PTMISEA	3,562,606	989,429
State Transit Revenue - CTSGP	<u>111,390</u>	<u>134,683</u>
State Transit Revenues - Total	<u>\$ 10,898,944</u>	<u>\$ 9,001,423</u>
Schedule II - Federal Grant Revenues		
Federal Grant Revenue - Section 5307	\$ 2,657,199	\$ 2,796,296
Federal Grant Revenue - Section 5310	14,790	--
Federal Grant Revenue - Section 5311	261,436	277,050
Federal Grant Revenue - Section 5309	--	227,000
Federal Grant Revenue - Section 5317	<u>--</u>	<u>1,937</u>
Federal Grant Revenues - Total	<u>\$ 2,933,425</u>	<u>\$ 3,302,283</u>
Schedule III - ICTC Reimbursements Revenues		
Transfer from Admin, Plans and Programs Funds	\$ 851,744	\$ 558,337
Membership Revenues	--	92,113
LTA Transit 2% Allocation	270,000	170,000
Miscellaneous Revenue	<u>10,281</u>	<u>--</u>
ICTC Reimbursement Revenues - Total	<u>\$ 1,132,025</u>	<u>\$ 820,450</u>
Schedule IV - Purchased Transportation Services		
Countywide Transit System	\$ 2,524,693	\$ 2,355,005
YCAT	172,270	15,000
IVT - Blue/Green Line	647,139	619,876
IVT- Gold Line	256,457	253,874
IVT-ACCESS	1,502,926	1,436,186
Med Express	206,497	225,046
IVT-Ride	832,858	791,044
West Shores - Dial-a-Ride	--	28,428
Transportation Reserves & Fare Adjustments	<u>866,903</u>	<u>1,428,401</u>
Purchased Transportation Services - Total	<u>\$ 7,009,743</u>	<u>\$ 7,152,860</u>
Schedule V - Professional Services		
Professional & Special Services	\$ 71,368	\$ 239,052
Prof & Spec Svs Data Pro	3,215	2,531
Prof & Spec Svs Data Pro	126,868	96,048
Adm-Legal & Accounting Fees	138	398
Professional Services Reserves Adjustments	<u>--</u>	<u>(183,015)</u>
Professional Services - Total	<u>\$ 201,589</u>	<u>\$ 155,014</u>

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT FUND**

Schedules of Supplementary Information
For the Fiscal Years Ended June 30, 2016 and 2015

	2016	2015
Schedule VI - General Administration		
<i>General Administration - Salaries & Benefits</i>		
Prof & Spec Svs Data Pro	\$ 311,716	\$ 223,460
Tuition Reimbursement	--	1,000
Social Security - Medicare	9,040	6,686
County Contr Retirement	56,732	38,435
Ins-Workers Comp	10,730	10,026
Ins-Unemployment	2,156	1,274
Group Insurance	47,997	54,585
Retirement-Pension Bond	--	15,218
Retirement - Health Plan	13,648	14,123
Redemption of Benefits	15,782	15,184
Ins- Dental/Vision	6,904	7,396
Payroll Taxes	2,450	900
Insurance - Voluntary Life	<u>348</u>	<u>339</u>
<i>General Administration - Salaries & Benefits Total</i>	<u>477,503</u>	<u>388,626</u>
<i>General Administration - Other</i>		
Communications - Phone Charge	1,954	1,466
Communications - Services	3,421	--
Communications - Cell Phones	4,595	4,435
Insurance Liability	21,454	14,101
Memberships	1,820	1,680
Office Expenses	9,262	8,157
Fuel Expense	745	606
Publications and Legal Notices	5,294	4,257
Rents & Leases	29,316	18,298
Maintenance	926	171
Travel Out of Cnty Misc	17,073	12,530
Special Dept Expense	1,585	618
Utilities	3,609	3,679
Equipment	18,582	4,386
Depreciation Equipment	<u>770,260</u>	<u>521,818</u>
<i>General Administration - Other Total</i>	<u>889,896</u>	<u>596,202</u>
General Administration - Grand Total	<u>\$ 1,367,399</u>	<u>\$ 984,828</u>

IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT FUND
Schedules of Supplementary Information
For the Fiscal Years Ended June 30, 2016 and 2015

	2016	2015
Schedule VII - Capital Project Expenses		
Imperial Transfer Terminal	\$ --	\$ 283,750
El Centro Transfer Terminal	<u> --</u>	<u>1,126,277</u>
Capital Project Expenses - Total	<u>\$ --</u>	<u>\$ 1,410,027</u>

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

INDEPENDENT AUDITORS' REPORT

To the Commission Board Members
County of Imperial, 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, the financial statements of the Transit Planning and Programs Management fund of the Imperial County Transportation Commission as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Transit Planning and Programs Management fund of the Imperial County Transportation Commission's financial statements, and have issued our report thereon dated March 16, 2017.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Imperial County Transportation Commission'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 Imperial County Transportation Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Imperial County Transportation Commission'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 charge 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 audits 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Transit Planning and Programs Management fund of the Imperial County Transportation Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, the Transportation Development Act (TDA) Statutes and the California Code of Regulation Section 6667, 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*.

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 Imperial County Transportation Commission'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 Imperial County Transportation Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hutchinson and Bloodgood LLP

March 16, 2017

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

To the Commission Board Members
County of Imperial, California

Report on Compliance for Each Major Federal Program

We have audited the Imperial County Transportation Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Imperial County Transportation Commission's major federal programs for the year ended June 30, 2016. The Imperial County Transportation Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Imperial County Transportation Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Imperial County Transportation Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Imperial County Transportation Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Imperial County Transportation Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Imperial County Transportation Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Imperial County Transportation Commission's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Imperial County Transportation Commission's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Imperial County Transportation Commission's Transit Planning and Programs Management fund as of and for the year ended June 30, 2016, and have issued our report thereon dated March 16, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Hutchinson and Bloodgood LLP

March 16, 2017

IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT FUND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

<u>Federal Grant/Pass-Through Grantor</u>	<u>Federal C.F.D.A. Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program Expenditures</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
FTA Section 5307 - Urban Funding **	20.507	CA-90-Z258	\$ 1,605,814
FTA Section 5307 - Urban Funding **	20.507	CA-90-Z195	<u>523,324</u>
		Subtotal 20.507	<u>2,129,138</u>
Passed Through State Department of Transportation:			
FTA Section 5310 -Mobility Management	20.513	SA-64AM16-0045	<u>14,790</u>
		Subtotal 20.513	<u>14,790</u>
FTA Section 5317 - New Freedom	20.521	SA 643720	1,937
		Subtotal 20.521	<u>1,937</u>
FTA Section 5311 - Rural Funding	20.509	64B015-00315	97,936
FTA Section 5311 - Rural Funding	20.509	64B015-00316	44,964
FTA Section 5311 - Rural Funding	20.509	SA 6414202	<u>134,150</u>
		Subtotal 20.509	<u>277,050</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>2,422,915</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,422,915</u>

** Major Fund

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT FUND**

Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no
 Significant deficiency(ies) identified not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? yes no
 Significant deficiency(ies) identified not considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Grants Guidance, at 2 CFR Part 200.515(d)(1)(vi)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.507	Department of Transportation

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT FUND
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2016

SECTION II – FINANCIAL STATEMENTS FINDINGS

There are no current year findings.

IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT FUND
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2016

SECTION III – STATUS OF PRIOR YEAR FINDINGS AND RESPONSES

There are no prior year findings.

IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT FUND
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Imperial County Transportation Commission and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).