

IMPERIAL COUNTY TRANSPORTATION COMMISSION

Financial Report of the
Regional Planning and Programs
June 30, 2016 and 2015

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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 Regional Planning and Programs 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.

Auditors' 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 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Regional Planning and Programs fund of the Imperial County Transportation Commission as of June 30, 2016 and 2015, and the changes in financial position 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 Regional Planning and Programs fund and are not intended to present fairly the financial position of the Imperial County Transportation Commission and the results of its operations in conformity 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
REGIONAL PLANNING AND PROGRAMS**

Balance Sheets
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and Investments	\$ 283,674	\$ 311,757
Interest Receivable	<u>464</u>	<u>485</u>
Total Assets	<u>\$ 284,138</u>	<u>\$ 312,242</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	<u>\$ 470</u>	<u>\$ 33,866</u>
Total Liabilities	<u>470</u>	<u>33,866</u>
Fund Balance		
Fund Balance - Unassigned	256,259	250,967
Fund Balance - Assigned	<u>27,409</u>	<u>27,409</u>
Total Fund Balance	<u>283,668</u>	<u>278,376</u>
Total Liabilities and Fund Balance	<u>\$ 284,138</u>	<u>\$ 312,242</u>

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
REGIONAL PLANNING AND PROGRAMS**

Statements of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2016 and 2015

	2016	2015
Revenues		
Revenues	\$ 376,928	\$ 626,413
Membership Revenues	99,723	50,279
Interest Revenues	<u>2,224</u>	<u>1,076</u>
Total Revenues	<u>478,875</u>	<u>677,768</u>
Expenditures		
STIP-PPM Category A	80,144	75,552
STIP-PPM Category B	95,314	85,749
STIP-PPM Category C	56,600	85,030
General and Administrative Expenditures	59,959	47,617
Professional Services	<u>181,566</u>	<u>352,008</u>
Total Expenditures	<u>473,583</u>	<u>645,956</u>
Change in Fund Balance	5,292	31,812
Fund Balance Beginning, July 1	<u>278,376</u>	<u>246,564</u>
Fund Balance Ending, June 30	<u>\$ 283,668</u>	<u>\$ 278,376</u>

IMPERIAL COUNTY TRANSPORTATION COMMISSION

REGIONAL PLANNING AND PROGRAMS

Notes to the Financial Statements

June 30, 2016 and 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entities

The Imperial County Transportation Commission (ICTC) Regional Planning and Programs fund was established by ICTC in order to administer regional transportation programs and services.

The operations of the Regional Planning and Programs fund of the Imperial County Transportation Commission are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures.

The County's Auditor-Controller's office acts as a trustee for the State and federal funds received and disbursed.

Basis of Accounting

The Regional Planning and Programs funds are accounted for in a special revenue fund using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues and expenditures are recognized as soon as they are both measurable and available.

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 only the Regional Planning and Programs fund of the Imperial County Transportation Commission.

Note 3. CASH AND INVESTMENTS

Cash is pooled with other cash of the County to maximize investment opportunity and yields. Investment income resulting from this pooling is allocated to the respective funds, including the Regional Planning and Programs fund, 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.

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

IMPERIAL COUNTY TRANSPORTATION COMMISSION

REGIONAL PLANNING AND PROGRAMS

Notes to the Financial Statements

June 30, 2016 and 2015

Note 4. ACCOUNTS PAYABLE

During fiscal year ended June 30, 2016 there was an amount of \$470 in accounts payable that is the total of accrued expenditures for the year related to day to day operations. For fiscal year ended June 30, 2015 the amount of accrued expenditures was \$33,866.

Note 5. FUND BALANCE - ASSIGNED

The amount of \$27,409 represents the assigned fund balance amount for fiscal years 2014-15 and 2015-16, respectively. This amount represents the total purchase price of a vehicle acquired during fiscal year 2011-12 which is part of this fund's general capital assets.

Note 6. STIP-PLANNING, PROGRAMMING & MONITORING PROGRAM

The California State Budget Act of 2010 appropriates State Highway funds under local assistance for the State Transportation Improvement Program (STIP) Planning, Programming and Monitoring Program (PPM). PPM is defined as the project planning, programming and monitoring activities related to development of the Regional Transportation Improvement Program and the STIP required by Government Code Section 14527 and for the monitoring of project implementation for approved projects, referred as PPM projects. The California Transportation Commission (ICTC) is tasked to allocate these funds in accordance with the amounts approved in the STIP in accordance with section 14527 (h) of the California Government code.

These funds are to be used for the following expenditure categories:

Category A: Regional transportation planning activities including development of the Regional Transportation Plan Update.

Category B: Program development and monitoring including the preparation of the ICTC Improvement Program and the State Transportation Improvement Program, monitoring the implementation of projects including project delivery and compliance with federal and state law, and California Transportation Commission Guidelines.

Category C: Regional transit planning activities, including program development and monitoring.

During the fiscal year ended June 30, 2015, the Imperial County Transportation Commission applied for and received proceeds of \$300,000 from the State of California STIP-PPM Program based on an agreement entered. As of June 30, 2015, the remaining balance of the total in STIP-PPM proceeds received for the year is of \$257,823 which includes; the remaining funds of the Category A proceeds in the amount of \$79,295, the remainder of Category B proceeds in the amount of \$89,314 and the remainder of Category C proceeds in the amount of \$89,214 have been fully expended.

IMPERIAL COUNTY TRANSPORTATION COMMISSION

REGIONAL PLANNING AND PROGRAMS

Notes to the Financial Statements

June 30, 2016 and 2015

Note 6. STIP-PLANNING, PROGRAMMING & MONITORING PROGRAM (Continued)

During the fiscal year ended June 30, 2016, the Imperial County Transportation Commission applied for and received proceeds of \$19,000 from the State of California STIP-PPM Program based on an agreement entered. As of June 30, 2016, the remaining balance of the total in STIP-PPM proceeds received for the year is of \$44,765 which includes; the remaining of 2016 Category A proceeds in the amount of \$6,151, the remainder of Category C in the amount of \$38,614 (2015 C proceeds are \$32,614 and 2016 C proceeds are \$6,000). Category B proceeds have been fully expended.

Qualifying expenditures must be encumbered within three years from the date of the allocation and expended within three years from the date of the encumbrance.

Note 7. STATE HIGHWAY PLANNING AND RESEARCH FUNDS PROGRAM

During the fiscal year ended June 30, 2016, the Imperial County Transportation Commission applied for and received proceeds of \$300,000 from Caltrans for a State Highway Planning and Research Funds Program grant for the "Pedestrian and Bicycle Transportation Access Study for the California/Baja California Land Ports of Entry". As of June 30, 2016, the full amount awarded was expended.

Note 8. 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.

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 Regional Planning and Programs 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 Regional Planning and Programs 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 Regional Planning and Programs 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 6662, 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

SUPPLEMENTARY INFORMATION

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

	2016	2015
Schedule I - General Administration		
Communications - Phone Charges	\$ 1,008	\$ 880
Communications - Cell Phone/Pager	1,951	2,007
Communications - Services	2,230	--
Overhead Reimbursement	2,341	1,171
Insurance Liability	12,283	14,126
Memberships	6,175	5,275
Fuel Expense	959	823
Publications and Legal Notices	303	62
Rents & Leases	15,205	11,359
Special Dept Expenditure	5,181	1,566
Utilities	3,609	3,679
Office Expenditures	4,545	4,741
Equipment	3,616	1,733
Maintenance	<u>553</u>	<u>195</u>
General Administration - Total	<u>\$ 59,959</u>	<u>\$ 47,617</u>
Schedule II - Professional Services		
Professional & Special Service	\$ 176,244	\$ 343,651
Professional & Special Services - Legal and Accounting	4,302	7,424
Professional & Special Services - Data Pro	<u>1,020</u>	<u>933</u>
Professional Services - Total	<u>\$ 181,566</u>	<u>\$ 352,008</u>
Schedule III - STIP-PPM Category A		
Salaries & Benefits	\$ 79,295	\$ 68,503
Professional & Special Services	849	569
Travel	<u>--</u>	<u>6,480</u>
STIP-PPM Category A - Total	<u>\$ 80,144</u>	<u>\$ 75,552</u>
Schedule IV - STIP-PPM Category B		
Salaries & Benefits	\$ 88,101	\$ 74,806
Professional & Special Services	7,213	7,055
Travel	<u>--</u>	<u>3,888</u>
STIP-PPM Category B - Total	<u>\$ 95,314</u>	<u>\$ 85,749</u>

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

	2016	2015
Schedule V - STIP-PPM Category C		
Salaries & Benefits	\$ --	\$ 80,032
Professional & Special Services	34,595	2,406
Travel	<u>22,005</u>	<u>2,592</u>
 STIP-PPM Category C - Total	 <u>\$ 56,600</u>	 <u>\$ 85,030</u>