

# **IMPERIAL COUNTY TRANSPORTATION COMMISSION**

Financial Report of the  
Regional Planning and Programs  
June 30, 2017 and 2016

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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, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the 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.

### **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, 2017 and 2016, and the respective 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 31, 2018 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 effectiveness of 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 31, 2018

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

Balance Sheets  
June 30, 2017 and 2016

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	2017	2016
<b>ASSETS</b>		
Cash and Investments	\$ 565,085	\$ 283,674
Interest Receivable	<u>1,161</u>	<u>464</u>
Total Assets	<u>\$ 566,246</u>	<u>\$ 284,138</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts Payable	<u>\$ 6,654</u>	<u>\$ 470</u>
Total Liabilities	<u>6,654</u>	<u>470</u>
Fund Balance		
Fund Balance - Unassigned	332,183	256,259
Fund Balance - Assigned	<u>227,409</u>	<u>27,409</u>
Total Fund Balance	<u>559,592</u>	<u>283,668</u>
Total Liabilities and Fund Balance	<u>\$ 566,246</u>	<u>\$ 284,138</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, 2017 and 2016

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	<b>2017</b>	2016
Revenues		
Revenues	\$ 547,978	\$ 376,928
Membership Revenues	100,028	99,723
Interest Revenues	<u>2,451</u>	<u>2,224</u>
Total Revenues	<u>650,457</u>	<u>478,875</u>
Expenditures		
STIP-PPM Category A	106,151	80,144
STIP-PPM Category B	100,000	95,314
STIP-PPM Category C	96,489	56,600
General and Administrative Expenditures	54,123	59,959
Professional Services	<u>17,770</u>	<u>181,566</u>
Total Expenditures	<u>374,533</u>	<u>473,583</u>
Change in Fund Balance	275,924	5,292
Fund Balance Beginning, July 1	<u>283,668</u>	<u>278,376</u>
Fund Balance Ending, June 30	<u>\$ 559,592</u>	<u>\$ 283,668</u>

**IMPERIAL COUNTY TRANSPORTATION COMMISSION**

**REGIONAL PLANNING AND PROGRAMS**

Notes to the Financial Statements

June 30, 2017 and 2016

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**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, 2017 and 2016

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**Note 4. ACCOUNTS PAYABLE**

During fiscal year ended June 30, 2017 there was an amount of \$6,654 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, 2016 the amount of accrued expenditures was \$470.

**Note 5. FUND BALANCE - ASSIGNED**

During fiscal year ended June 30, 2017 the amount of \$227,409 represents the assigned fund balance which includes the total purchase price of a vehicle acquired during fiscal year 2011-12 and Long Range Transportation Plan (LRTP) consultant fees. For fiscal year ended June 30, 2016 the amount of \$27,409 represents the total purchase price of a vehicle acquired during fiscal year 2011-12 only.

**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.



**IMPERIAL COUNTY TRANSPORTATION COMMISSION**

**REGIONAL PLANNING AND PROGRAMS**

Notes to the Financial Statements

June 30, 2017 and 2016

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**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 \$44,765 which includes; the remaining funds of the 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). All proceeds have been fully expended.

During the fiscal year ended June 30, 2017, 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, 2017, the remaining balance of the total in STIP-PPM proceeds received for the year is \$42,126 which is the remaining of 2017 Category C proceeds. Category A and 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. SUBSEQUENT EVENTS**

Management has evaluated its June 30, 2017 and 2016, financial statements for subsequent events through March 31, 2018, 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, 2017, 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 31, 2018.

**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 31, 2018

## **SUPPLEMENTARY INFORMATION**

**IMPERIAL COUNTY TRANSPORTATION COMMISSION**  
**REGIONAL PLANNING AND PROGRAMS**  
Schedules of Supplementary Information  
For the Fiscal Years Ended June 30, 2017 and 2016

	2017	2016
<b>Schedule I - General and Administration Expenditures</b>		
Communications - Phone Charges	\$ 1,331	\$ 1,008
Communications - Cell Phone/Pager	2,388	1,951
Communications - Services	--	2,230
Overhead Reimbursement	--	2,341
Insurance Liability	13,560	12,283
Memberships	6,487	6,175
Fuel Expense	1,166	959
Publications and Legal Notices	458	303
Rents & Leases	11,809	15,205
Special Dept Expenditure	4,812	5,181
Utilities	3,752	3,609
Office Expenditures	4,053	4,545
Equipment	2,653	3,616
Maintenance	<u>1,654</u>	<u>553</u>
General and Administration Expenditures - Total	<u>\$ 54,123</u>	<u>\$ 59,959</u>
<b>Schedule II - Professional Services</b>		
Professional & Special Service	\$ 10,250	\$ 176,244
Professional & Special Services - Legal and Accounting	6,878	4,302
Professional & Special Services - Data Pro	<u>642</u>	<u>1,020</u>
Professional Services - Total	<u>\$ 17,770</u>	<u>\$ 181,566</u>
<b>Schedule III - STIP-PPM Category A</b>		
Salaries & Benefits	\$ 106,151	\$ 79,295
Professional & Special Services	<u>--</u>	<u>849</u>
STIP-PPM Category A - Total	<u>\$ 106,151</u>	<u>\$ 80,144</u>
<b>Schedule IV - STIP-PPM Category B</b>		
Salaries & Benefits	\$ 97,252	\$ 88,101
Professional & Special Services	<u>2,748</u>	<u>7,213</u>
STIP-PPM Category B - Total	<u>\$ 100,000</u>	<u>\$ 95,314</u>

**IMPERIAL COUNTY TRANSPORTATION COMMISSION**  
**REGIONAL PLANNING AND PROGRAMS**  
Schedules of Supplementary Information  
For the Fiscal Years Ended June 30, 2017 and 2016

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	<b>2017</b>	2016
<b>Schedule V - STIP-PPM Category C</b>		
Salaries & Benefits	\$ 57,319	\$ --
Professional & Special Services	16,697	34,595
Travel	<u>22,473</u>	<u>22,005</u>
STIP-PPM Category C - Total	<u>\$ 96,489</u>	<u>\$ 56,600</u>