

**IMPERIAL COUNTY
TRANSPORTATION COMMISSION**

**Financial Report of the
Regional Planning and Programs
June 30, 2018 and 2017**

**IMPERIAL COUNTY
TRANSPORTATION COMMISSION**

**Financial Report of the
Regional Planning and Programs
June 30, 2018 and 2017**

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Balance Sheets	4
Statements of Revenues, Expenses and Changes in Fund Balance	5
Notes to the Financial Statements.....	6
SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules:	
Schedule I – General and Administrative Expenditures	9
Schedule II – Professional Services	9
Schedule III – STIP-PPM Category A.....	9
Schedule IV – STIP-PPM Category B.....	9
Schedule V – STIP PPM Category C	9
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	10
Schedule of Finding and Response	12



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

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 year ended June 30, 2018, 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 audit. 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 polices 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 opinion.

Opinion

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, 2018, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Regional Planning and Programs fund and do not purport to, and do not, present fairly the financial position of Imperial County Transportation Commission as of June 30, 2018, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 9 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 for the Regional Planning and Programming fund that accounting principles generally accepted in the United States of America requires 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 and 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 an opinion on the financial statements that collectively comprise the Regional Planning and Programs fund's basic financial statements. 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.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required or sufficient detail 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 Regional Planning and Program fund's financial statements for the year ended June 30, 2017, from which such partial information was derived. The financial statements as of and for the year ended June 30, 2017 were audited by other auditors and their report dated March 31, 2018 expressed an unmodified opinion on the financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 2, 2019, on our consideration of the Imperial County Transportation Commission's internal control over financial reporting of the Regional Planning and Programs fund 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 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 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 as it relates to the Regional Planning and Programs fund.



San Diego, California
July 2, 2019

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

**BALANCE SHEETS
JUNE 30, 2018 AND 2017**

	2018	2017
ASSETS		
Cash and investments	\$ 556,230	\$ 565,085
Accounts receivable	11,796	-
Interest receivable	882	1,161
Total Assets	\$ 568,908	\$ 566,246
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 9,463	\$ 6,654
 Fund Balance		
Restricted	559,445	-
Assigned	-	227,409
Unassigned	-	332,183
Total Fund Balance	559,445	559,592
Total Liabilities and Fund Balance	\$ 568,908	\$ 566,246

The Notes to the Financial Statements are an integral part of these statements.

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

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
Revenues		
State allocation	\$ 300,000	\$ 300,000
Membership revenues	100,000	100,028
Interest revenues	3,263	2,451
Other revenues	33,749	247,978
Total Revenues	437,012	650,457
Expenditures		
STIP-PPM Category A	100,000	106,151
STIP-PPM Category B	100,000	100,000
STIP-PPM Category C	134,987	96,489
General and administrative expenditures	82,406	54,123
Professional services	19,766	17,770
Total Expenditures	437,159	374,533
Change in Fund Balance	(147)	275,924
Fund Balance Beginning	559,592	283,668
Fund Balance Ending	\$ 559,445	\$ 559,592

The Notes to the Financial Statements are an integral part of these statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The financial statements are intended to reflect the financial position and changes in financial position of the RPP fund of ICTC only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of ICTC, as of June 30, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

B. Basis of Accounting

Governmental Fund Financial Statements

Fund Accounting

The accounts of ICTC are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. ICTC accounts for the RPP activities within its RPP Special Revenue Fund.

Special revenue funds are used to account for the proceeds of revenue sources that are restricted or committed to expenditure for specified purposes.

Measurement Focus and Basis of Accounting

The special revenue funds of ICTC are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current resources.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Balances

Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the ICTC considers restricted funds to have been spent first.

E. Cash and Investments

The County of Imperial's Auditor-Controller's office acts as a trustee for the funds received and disbursed. Cash and investments are held in the County investment pool to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the RPP fund average cash balance. The investment policies and the risks related to cash and investments, applicable to the RPP fund, are those of the County investment pool and are disclosed in the County's basic financial statements. The County's basic financial statements can be obtained at the County Administrative Office.

The RPP fund's cash and investments are reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The RPP fund's deposits and withdrawals in the County Investment Pool are made on the basis of \$1 and not fair value. Accordingly, the RPP fund's investment in the County Investment Pool is measured based on uncategorized inputs not defined as Level 1, Level 2, or Level 3.

F. Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the RPP fund's prior year financial statements, from which this selected financial data was derived.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 2 – 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 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, 2018, ICTC applied for and received proceeds of \$300,000 from the State of California STIP-PPM Program. As of June 30, 2018, the remaining balance in Category C was \$7,139. 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.

SUPPLEMENTARY INFORMATION

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

**BUDGETARY COMPARISON SCHEDULES
FOR THE FISCAL YEAR ENDING JUNE 30, 2018**

	2018	2017
Schedule I - General and Administration Expenditures		
Communications - Phone Charges	\$ 2,187	\$ 1,331
Communications - Cell Phone/Pager	2,366	2,388
Insurance Liability	14,911	13,560
Memberships	6,974	6,487
Fuel Expense	999	1,166
Publications and Legal Notices	1,312	458
Rents & Leases	28,336	11,809
Special Dept Expenditure	4,624	4,812
Utilities	7,328	3,752
Office Expenditures	4,443	4,053
Equipment	6,731	2,653
Maintenance	2,195	1,654
	\$ 82,406	\$ 54,123
Schedule II - Professional Services		
Professional & Special Service	\$ 9,375	\$ 10,250
Professional & Special Services - Legal and Accounting	8,303	6,878
Professional & Special Services - Data Pro	2,088	642
	\$ 19,766	\$ 17,770
Schedule III - STIP-PPM Category A		
Salaries & Benefits	\$ 100,000	\$ 106,151
Schedule IV - STIP-PPM Category B		
Salaries & Benefits	\$ 91,390	\$ 97,252
Professional & Special Services	8,610	2,748
	\$ 100,000	\$ 100,000
Schedule V - STIP-PPM Category C		
Salaries & Benefits	\$ 102,268	\$ 57,319
Professional & Special Services	17,169	16,697
Travel	15,550	22,473
	\$ 134,987	\$ 96,489

OTHER REPORT



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

**INDEPENDENT AUDITORS' 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**

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, 2018, and the related notes to the financial statements, which collectively comprise the Regional Planning and Programs fund's basic financial statements and have issued our report thereon dated July 2, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of finding and response as item 2018-001 that we consider to be a significant deficiency.

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*.

Management's Response to Findings

Imperial County Transportation Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Imperial County Transportation Commission'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 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.



San Diego, California

July 2, 2019

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

**SCHEDULE OF FINDING AND RESPONSE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Finding 2018-001

YEAR-END CUTOFF

Criteria:

In order to fairly present year-end financial statements, management must perform a year-end closing process to accumulate, reconcile, and summarize information for inclusion. The closing process should include the review of balances for proper cutoff.

Condition:

During our audit, we noted the following:

- Certain accounts payable balances had not been accrued and required adjustment.
- Certain accounts receivable balances had not been accrued and required adjustment.

Context:

The condition noted above were identified during testing over various accounts and balances. Accounts payable balances were adjusted approximately \$9,300 and accounts receivable balances were adjusted approximately \$11,800.

Effect:

Adjustments were necessary to fairly present the financial statements.

Cause:

The year-end closing process was not complete.

Recommendation:

We recommend that ICTC enhance its year-end closing process. This can be accomplished through a comprehensive closing checklist. The checklist should list each task, the person responsible for its completion, and the date the task should be completed.

View of Responsible Officials and Planned Corrective Action:

ICTC staff will research additional resources, obtain tools, i.e., checklists and templates, in order to ensure that the year-end close is completed as required. ICTC staff will create documentation to track year end transactions.