

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
FINANCIAL REPORT OF THE
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**

June 30, 2012 and 2011

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3 - 4
FINANCIAL STATEMENTS	
Balance Sheets	5
Statements of Revenues, Expenses and Changes in Fund Balance	6
Notes to the Financial Statements	7 - 8
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>	9 - 10
SUPPLEMENTARY INFORMATION	
Schedule of Allocations and Disbursements	12 - 13



INDEPENDENT AUDITORS' REPORT

To the Commission Board Members
County of Imperial, California

We have audited the accompanying financial statements of the Transportation Development Act Fund of the Imperial County Transportation Commission as of June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the Imperial County Transportation Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issues 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the financial statements present only the Transportation Development Act Fund (TDA) 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.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Development Act Fund (TDA) of the Imperial County Transportation Commission as of June 30, 2012 and 2011, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2012 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of allocations and disbursements listed as supplementary information in the table of contents has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the management, Commission Board, Imperial County Transportation Commission and the California State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

Hutchinson and Bloodgood LLP

October 26, 2012

See accompanying notes and independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**

**BALANCE SHEETS
June 30, 2012 and 2011**

	2012	2011
ASSETS		
Cash and Investments	\$ 4,519,830	\$ 2,428,077
Interest Receivable	<u>7,735</u>	<u>5,860</u>
Total Assets	<u>\$ 4,527,565</u>	<u>\$ 2,433,937</u>
FUND BALANCE		
Fund Balance - Unreserved	\$ 4,479,967	\$ 2,295,820
Fund Balance - Reserved	<u>47,598</u>	<u>138,117</u>
Total Fund Balance	<u>\$ 4,527,565</u>	<u>\$ 2,433,937</u>

See accompanying notes and independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
For the Years Ended June 30, 2012 and 2011**

	2012	2011
Revenues		
Transportation Development Act fund	\$ 5,514,769	\$ 5,296,686
Interest Pooled Money	<u>27,070</u>	<u>21,233</u>
Total revenues	<u>5,541,839</u>	<u>5,317,919</u>
Expenses		
City of Brawley	234,172	200,458
City of Calexico	331,331	234,142
City of Calipatria	11,702	12,721
City of El Centro	263,742	200,557
City of Holtville	13,530	213,254
City of Imperial	248,604	--
City of Westmorland	--	105,183
County of Imperial	29,232	24,450
IC Transportation Commission	<u>2,315,898</u>	<u>2,746,715</u>
Total expenses	<u>3,448,211</u>	<u>3,737,480</u>
Excess of revenues over (under) expenses	<u>2,093,628</u>	<u>1,580,439</u>
Transfers out		
Administration - ICTC 7147	--	253,475
Plans and program - ICTC 7148	<u>--</u>	<u>121,500</u>
Total transfers out	<u>--</u>	<u>374,975</u>
Change in fund balance	2,093,628	1,205,464
Fund balance beginning, July 1	<u>2,433,937</u>	<u>1,228,473</u>
Fund balance ending, June 30	<u>\$ 4,527,565</u>	<u>\$ 2,433,937</u>

See accompanying notes and independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012 and 2011**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entities

The operations of the Transportation Development Act 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 funds received and disbursed. The revenues of the fund are derived from ¼ cent of the local general sales tax collected statewide. The State Board of Equalization returns the ¼ cent to each county according to the amount of the tax collected.

The County's Auditor-Controller, based upon allocation instructions received from the Imperial County Transportation Commission (ICTC), makes disbursements from the TDA fund to the County of Imperial and the cities, located within the County for projects, which are eligible for TDA funds. The allocation instructions apportion the revenues received by the TDA fund among the eligible projects in the incorporated and unincorporated areas of the County and based on population.

Basis of Accounting

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

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 Transportation Development Act 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 TDA 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*.

See independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012 and 2011**

Note 4. FUND BALANCE

The TDA fund distributes funds according to the annual regional ICTC Overall Work Plan & Budget and in accordance with the annual disbursements schedule adopted each year by ICTC. Any monies allocated and reserved in the local transportation fund and not authorized for payment within three years after the date of allocation shall cease to be allocated or reserved and shall become and be treated as an unallocated apportionment retained in the fund in accordance with Section 6655.1. Also, allocations for benches and shades made in accordance with PUC Code Section 99400(e) do not carryover, and lapse if not claimed in the year allocated.

Out of the total fund balance for fiscal years 2011-12 and 2010-11 the amounts of \$47,598 and \$138,117 represent the reserve of the apportioned but unallocated TDA funds as of June 30, 2012 and June 30, 2011 respectively. The reserved funds are for claims that have been submitted by member entities that have not completed the requirements for disbursement.

Note 5. BUDGETED EXPENSES

The TDA distributes funds in accordance with the annual disbursements schedule and according to the annual regional ICTC Overall Work Plan & Budget adopted each year by ICTC. Any variance is due to cities not spending their current year's budgeted appropriations or spending prior year's appropriations in the current year.

Note 6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 26, 2012, the report date, and has determined that there are no reportable events.

See independent auditors' report

**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 the financial statements of the Transportation Development Act Fund of the Imperial County Transportation Commission, as of June 30, 2012, and for the year then ended and have issued our report thereon dated October 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Imperial County Transportation Commission's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Imperial County Transportation Commission's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Transportation Development Act Fund of the Imperial County Transportation Commission are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, the Transportation Development Act (TDA) Statutes and the California Code of Regulation Section 6661, 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*.

This report is intended solely for the information and use of the management, Commission Board, the California State Controller's Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hutchinson and Bloodgood LLP

October 26, 2012

SUPPLEMENTARY INFORMATION

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**

**SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS
For the Fiscal Year Ended June 30, 2012**

<u>ALLOCATIONS</u>	<u>PUC Section</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>City of Brawley</u>				
Bicycles	99233.3	\$ 17,445	\$ 17,445	\$ --
Streets and Roads	99400(a)	--	--	--
Transit	99400(c)	209,130	209,130	--
Benches and Shades	99400(e)	<u>7,597</u>	<u>7,597</u>	<u>--</u>
Total		<u>234,172</u>	<u>234,172</u>	<u>--</u>
<u>City of Calexico</u>				
Bicycles	99233.3	21,547	32,584	(11,037)
Streets and Roads	99400(a)	--	--	--
Transit	99400(c)	285,906	285,906	--
Benches and Shades	99400(e)	<u>11,783</u>	<u>12,841</u>	<u>(1,058)</u>
Total		<u>319,236</u>	<u>331,331</u>	<u>(12,095)</u>
<u>City of Calipatria</u>				
Bicycles	99233.3	11,037	11,127	(90)
Streets and Roads	99400(a)	--	--	--
Transit	99400(c)	--	--	--
Benches and Shades	99400(e)	<u>1,058</u>	<u>575</u>	<u>483</u>
Total		<u>12,095</u>	<u>11,702</u>	<u>393</u>
<u>City of El Centro</u>				
Bicycles	99233.3	22,540	22,540	--
Streets and Roads	99400(a)	--	--	--
Transit	99400(c)	223,406	223,406	--
Benches and Shades	99400(e)	<u>17,796</u>	<u>17,796</u>	<u>--</u>
Total		<u>263,742</u>	<u>263,742</u>	<u>--</u>
<u>City of Holtville</u>				
Bicycles	99233.3	11,782	13,530	(1,748)
Streets and Roads	99400(a)	--	--	--
Transit	99400(c)	--	--	--
Benches and Shades	99400(e)	<u>1,818</u>	<u>--</u>	<u>1,818</u>
Total		<u>13,600</u>	<u>13,530</u>	<u>70</u>
<u>City of Imperial</u>				
Bicycles	99233.3	14,461	28,271	(13,810)
Streets and Roads	99400(a)	--	--	--
Transit	99400(c)	128,969	215,781	(86,812)
Benches and Shades	99400(e)	<u>4,552</u>	<u>4,552</u>	<u>--</u>
Total		<u>147,982</u>	<u>248,604</u>	<u>(100,622)</u>

See independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**

**SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS
For the Fiscal Year Ended June 30, 2012**

<u>ALLOCATIONS</u>	<u>PUC Section</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>City of Westmorland</u>				
Bicycles	99233.3	10,668	--	10,668
Streets and Roads	99400(a)	--	--	--
Transit	99400(c)	--	--	--
Benches and Shades	99400(e)	<u>682</u>	--	<u>682</u>
Total		<u>11,350</u>	--	<u>11,350</u>
<u>County of Imperial</u>				
Bicycles	99233.3	19,519	19,519	--
Benches and Shades	99400(e)	<u>9,714</u>	<u>9,713</u>	<u>1</u>
Total		<u>29,233</u>	<u>29,232</u>	<u>1</u>
<u>IC Transportation Commission</u>				
SB 325 - DAR Dial A Ride	99400(c)	55,027	55,027	--
SB 325 -County Wide Transit	99400(c)	1,482,843	1,482,843	--
SB 325 - Med Express	99400(c)	184,589	184,589	--
SB 325 - ADA	99400(c)	91,103	91,103	--
SB 325 - ICTC Admin	92233.1	456,436	456,436	--
SB 325 - ICTC Planning	99400(a)	<u>45,900</u>	<u>45,900</u>	--
Total		<u>2,315,898</u>	<u>2,315,898</u>	--
Grand Total		<u>\$ 3,347,308</u>	<u>\$ 3,448,211</u>	<u>\$ (100,903)</u>

See independent auditors' report