

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
FINANCIAL REPORT OF THE
ADMINISTRATION, PLANS & PROGRAMS FUNDS**

June 30, 2012 and 2011

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INDEPENDENT AUDITORS' REPORT

To the Commission Board Members
County of Imperial, California

We have audited the accompanying financial statements of the Imperial County Transportation Commission Administration, Plans and Programs Funds 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, the minimum audit requirements for special districts, the Guidelines on Auditing for Conformance, published by the Imperial County Transportation Commission 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 Imperial County Transportation Commission Administration, Plans and Programs Funds, 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 Imperial County Transportation Commission Administration, Plans and Programs Funds 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.

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

**IMPERIAL COUNTY TRANSPORTATION COMMISSION ADMINISTRATION,
PLANS AND PROGRAMS FUNDS**

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

	2012	2011
ASSETS		
Current Assets		
Cash and Investments - Administration 7147	\$ --	\$ 33,377
Cash and Investments - Plans and programs 7148	<u> --</u>	<u> 126,740</u>
Total Current Assets	<u>\$ --</u>	<u>\$ 160,117</u>
 FUND BALANCE		
Fund Balance		
Fund Balance - Unreserved	<u>\$ --</u>	<u>\$ 160,117</u>
Total Fund Balance	<u>\$ --</u>	<u>\$ 160,117</u>

See accompanying notes and independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION ADMINISTRATION,
PLANS AND PROGRAMS FUNDS**

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

	2012	2011
Revenues		
Transfers in - Administration 7147	\$ 456,436	\$ 253,475
Transfers in - Plans and programs 7148	<u>45,900</u>	<u>121,500</u>
Total revenue	<u>502,336</u>	<u>374,975</u>
Expenses		
Administration 7147	489,813	378,476
Plans and programs 7148	<u>172,640</u>	<u>132,952</u>
Total expenses	<u>662,453</u>	<u>511,428</u>
Excess of revenues over (under) expenses	<u>\$ (160,117)</u>	<u>\$ (136,453)</u>

See accompanying notes and independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION ADMINISTRATION,
PLANS AND PROGRAMS FUNDS**

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

	2012	2011
Fund balance, beginning		
Administration 7147	\$ 33,377	\$ 158,378
Plans and programs 7148	<u>126,740</u>	<u>138,192</u>
Total Fund balance, beginning	<u>160,117</u>	<u>296,570</u>
Excess of revenues over (under) expenses		
Administration 7147	(33,377)	(125,001)
Plans and programs 7148	<u>(126,740)</u>	<u>(11,452)</u>
Total Excess of revenues over (under) expenses	<u>(160,117)</u>	<u>(136,453)</u>
Fund balance, ending		
Administration 7147	--	33,377
Plans and programs 7148	<u>--</u>	<u>126,740</u>
Total Fund Balance, ending	<u>\$ --</u>	<u>\$ 160,117</u>

See accompanying notes and independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION ADMINISTRATION,
PLANS AND PROGRAMS FUNDS**

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entities

The Imperial County Transportation Commission Administration, Plans and Programs Funds, an Agency Fund, was created pursuant to SB 620 to supplement existing funding sources for public transit services.

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 "the ICTC", makes disbursements from the TDA fund to the County of Imperial and the cities, located within the County, which are eligible for TDA funds. The allocation instructions apportion the revenues received by the TDA fund among the incorporated and unincorporated areas of the County, based on population.

Basis of Accounting

The accounting policies of the Imperial County Transportation Commission Administration, Plans and Programs Funds conform to generally accepted accounting principles as applicable to governments.

The Imperial County Transportation Commission Administration, Plans and Programs 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.

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 Imperial County Transportation Commission, Plans and Programs Funds.

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, including the Imperial County Transportation Commission Administration, Plans and Programs 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, California.

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 ADMINISTRATION,
PLANS AND PROGRAMS FUNDS**

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

Note 4. CLOSURE OF FUNDS

On December 31, 2011 the Imperial County Transportation Commission Plans and Programs funds 7147 and 7148 were closed. This is the last year that financial statements will be prepared.

Note 5. 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 Imperial County Transportation Commission Administration, Plans and Programs Funds, 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 Imperial County Transportation Commission Administration, Plans and Programs Funds are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and the Transportation Development Act (TDA) Statutes and California Code of Regulation 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*.

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