

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
FINANCIAL REPORT OF THE
REGIONAL PLANNING AND PROGRAMS**

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 Regional Planning and Programs 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, the minimum audit requirements for special districts 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 Regional Planning and Programs 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 Regional Planning and Programs 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 Regional Planning and Programs 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 supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly stated 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

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

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

	2012	2011
ASSETS		
Current assets		
Cash	\$ 207,000	\$ 206,334
Accounts receivable	4,438	--
Interest receivable	<u>520</u>	<u>276</u>
Total current assets	<u>211,958</u>	<u>206,610</u>
Total assets	<u>\$ 211,958</u>	<u>\$ 206,610</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 66,718	\$ 656
Due to other funds	<u>--</u>	<u>143,779</u>
Total Liabilities	<u>66,718</u>	<u>144,435</u>
Fund balance		
Fund balance	<u>145,240</u>	<u>62,175</u>
Total fund balance	<u>145,240</u>	<u>62,175</u>
Total liabilities and fund balance	<u>\$ 211,958</u>	<u>\$ 206,610</u>

See accompanying notes and independent auditors' report

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

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

	2012	2011
Revenues		
Revenues	\$ 200,000	\$ 200,000
Membership revenue	75,000	24,962
Interest revenue	<u>1,847</u>	<u>296</u>
Total revenues	<u>276,847</u>	<u>225,258</u>
Expenses		
STIP-PPM Category A	78,331	80,352
STIP-PPM Category B	85,903	62,856
General and administrative expenses	24,911	9,496
Professional services	<u>4,637</u>	<u>10,379</u>
Total expenses	<u>193,782</u>	<u>163,083</u>
Excess of revenues over (under) expenses	83,065	62,175
Fund balance beginning, July 1	<u>62,175</u>	<u>--</u>
Fund balance ending, June 30	<u>\$ 145,240</u>	<u>\$ 62,175</u>

See accompanying notes and independent auditors' report

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

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

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 expenses.

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 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 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*.

Note 4. ACCOUNTS RECEIVABLE

During fiscal year ended June 30, 2012 there was an amount of \$4,438 in accounts receivable that represents an accrual of a reimbursement related to payroll activities for the year.

See independent auditors' report

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

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

Note 5. ACCOUNTS PAYABLE

During fiscal year ended June 30, 2012 there was an amount of \$66,718 in accounts payable that is the total of accrued expenses for the year related to day to day operations. For fiscal year ended June 30, 2011 the amount of accrued expenses was of \$656.

Note 6. DUE TO OTHER FUNDS

During fiscal year ended June 30, 2011 there was an amount of \$143,779 in the due to other funds account which represented the day to day operation expenses that were covered by another fund while this fund was in the process of being created. This amount was paid back in full during fiscal year ended June 30, 2012.

Note 7. 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 (CTC) 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 expense 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.

During the fiscal year ended June 30, 2011, the Imperial County Transportation Commission applied for and received proceeds of \$200,000 from the State of California STIP-PPM Program based on an agreement entered into on November 4, 2010. As of June 30, 2012 the remaining funds of the Category A proceeds in the amount of \$19,648, and remainder of Category B proceeds in the amount of \$37,144 have been fully expended.

During the fiscal year ended June 30, 2012, the Imperial County Transportation Commission applied for and received proceeds of \$200,000 from the State of California STIP-PPM Program based on an agreement entered into on September 28, 2011. As of June 30, 2012, the remaining balance of the total in STIP-PPM proceeds received for the year is of \$92,557 which includes; the remainder of the Category A proceeds in the amount of \$41,316, and remainder of Category B proceeds in the amount of \$51,241. Qualifying expenses must be encumbered within three years from the date of the allocation and expended within three years from the date of the encumbrance.

See independent auditors' report

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

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

Note 8. 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 Regional Planning and Programs Management, 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 Imperial County Transportation Commission Regional Planning and Programs Management's financial statements 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

SUPPLEMENTARY INFORMATION

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
REGIONAL PLANNING AND PROGRAMS
SCHEDULES OF SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 2012 and 2011**

	2012	2011
Schedule I - General Administration		
Communications - Phone Charge	\$ 1,313	\$ --
Communications - Cell Phone/Pager	4,171	3,282
Communications - Services	--	109
Insurance Liability	4,273	2,009
Memberships	4,693	--
Office expenses	--	670
Publications and Legal Notices	293	284
Rents & Leases	--	1,058
Special Dept expense	1,683	45
Travel Out of County - Misc	--	2,039
Equipment	<u>8,485</u>	<u>--</u>
General Administration - Total	<u>\$ 24,911</u>	<u>\$ 9,496</u>
 Schedule II - Professional Services		
Professional & Special Service	\$ 1,662	\$ 9,808
Professional & Special Services - Data Pro	<u>2,975</u>	<u>571</u>
Professional Services - Total	<u>\$ 4,637</u>	<u>\$ 10,379</u>
 Schedule III - STIP-PPM Category A		
Professional & Special Services	\$ 74,906	\$ 80,352
Travel	<u>3,425</u>	<u>--</u>
STIP-PPM Category A - Total	<u>\$ 78,331</u>	<u>\$ 80,352</u>
 Schedule IV - STIP-PPM Category B		
Professional & Special Services	\$ 77,252	\$ 62,856
Office expense	2,262	--
Travel	<u>6,389</u>	<u>--</u>
STIP-PPM Category B - Total	<u>\$ 85,903</u>	<u>\$ 62,856</u>

See independent auditors' report