

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

June 30, 2011 and 2010

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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 Transit Planning and Programs Management as of June 30, 2011 and 2010, 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* 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 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 Transit Planning and Programs Management Fund, and are not intended to present fairly the financial position of the Imperial County Transportation Commission, and the results of its operations and the cash flows of its proprietary fund types 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 Transit Administration Program Fund of the Imperial County Transportation Commission as of June 30, 2011 and 2010, and the results of its operations and the cash flow of its proprietary fund types 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 June 22, 2012 on our consideration of the Imperial County Transportation Commission Transit Planning and Programs Management's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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

June 22, 2012

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT
STATEMENTS OF FUND NET ASSETS
June 30, 2011 and 2010**

	2011	2010
ASSETS		
Current assets		
Cash and investments	\$ 2,694,305	\$ 1,197,760
Federal Grant 5311 Receivable	385,536	760,297
Federal Grant 5307 Receivable	919,646	717,847
Accounts Receivable	20,164	--
Due from other funds	159,660	290
Interest receivable	<u>4,036</u>	<u>3,874</u>
Total current assets	<u>4,183,347</u>	<u>2,680,068</u>
Total assets	<u>\$ 4,183,347</u>	<u>\$ 2,680,068</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 1,032,179	\$ 622,925
Due to other funds	<u>18,568</u>	<u>2,761</u>
Total liabilities	<u>1,050,747</u>	<u>625,686</u>
Net assets		
Reserved for encumbrances	1,242,377	1,109,000
Unrestricted	<u>1,890,223</u>	<u>945,382</u>
Total net assets	<u>3,132,600</u>	<u>2,054,382</u>
Total liabilities and net assets	<u>\$ 4,183,347</u>	<u>\$ 2,680,068</u>

See accompanying notes and independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Years Ended June 30, 2011 and 2010**

	2011	2010
Revenues		
State transit revenues	\$ 3,685,258	\$ 4,488,673
STIP-PPM revenues	100,000	--
Federal Grant 5307 revenue	1,069,351	732,847
Federal Grant 5311 revenue	422,556	363,578
Passenger fares	591,810	640,811
ICTC reimbursements	<u>864,749</u>	<u>485,800</u>
Total revenues	<u>6,733,724</u>	<u>6,711,709</u>
Expenses		
Purchased transportation services	4,884,115	4,782,347
Professional services	423,967	214,277
General administration	266,282	218,624
Capital projects	<u>210,569</u>	<u>1,334,773</u>
Total expenses	<u>5,784,933</u>	<u>6,550,021</u>
Net income	<u>948,791</u>	<u>161,688</u>
Other revenues		
Interest revenue	16,591	19,870
Other Refunds and Reimbursements	<u>4</u>	<u>25</u>
Total other revenues	<u>16,595</u>	<u>19,895</u>
Change in unrestricted net assets	<u>965,386</u>	<u>181,583</u>
Unrestricted net assets, July 1	945,382	763,799
Prior period adjustment	<u>(20,545)</u>	<u>--</u>
Adjusted unrestricted net assets, July 1	<u>924,837</u>	<u>763,799</u>
Unrestricted net assets, June 30	<u>\$ 1,890,223</u>	<u>\$ 945,382</u>

See accompanying notes and independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT
STATEMENTS OF CASH FLOW
For the Years Ended June 30, 2011 and 2010**

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 948,791	\$ 161,688
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Prior period adjustment	(20,545)	--
(Increase) decrease in:		
Receivables	152,798	(595,402)
Due from other funds	(159,370)	(290)
Interest receivables	(162)	2,226
(Decrease) increase in:		
Trade payables	409,254	(164,847)
Encumbered debt	133,377	248,056
Due to other funds	<u>15,807</u>	<u>(3,458)</u>
Net cash provided (used) by operating activities	<u>1,479,950</u>	<u>(352,027)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>16,591</u>	<u>19,870</u>
Net cash provided by investing activities	<u>16,591</u>	<u>19,870</u>
CASH FLOWS FROM OTHER ACTIVITIES		
Other Refunds and Reimbursements	<u>4</u>	<u>25</u>
Net cash provided by other activities	<u>4</u>	<u>25</u>
Net increase (decrease) in cash and cash equivalents	<u>1,496,545</u>	<u>(332,132)</u>
Cash and cash equivalents at beginning of year	<u>1,197,760</u>	<u>1,529,892</u>
Cash and cash equivalents at end of year	<u>\$ 2,694,305</u>	<u>\$ 1,197,760</u>

See accompanying notes and independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011 and 2010**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entities

The Imperial County Transportation Commission Transit Planning and Programs Management was established pursuant to the Federal Transportation Administration "FTA" Sections 5307 and 5311. The funds received are programmed to be utilized for the Imperial Valley Transit, the El Centro circulator shuttle transit system, the transfer terminal and the fixed route transit system.

The Imperial County Auditor-Controller's office acts as a trustee for the funds received and disbursed. The FTA Section 5307 funds are not accessed until a scope of work is approved. The FTA Section 5311 funds are based on estimates for each fiscal year that are not available until October of each year.

Basis of Accounting

The FTA is accounted for in an enterprise fund using the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Cash Equivalents

For purposes of the statement of cash flows, the Imperial County Transportation Commission considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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 Imperial County Transportation Commission Transit Planning and Programs Management.

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 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
TRANSIT PLANNING AND PROGRAMS MANAGEMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011 and 2010**

Note 4. ENCUMBERED DEBT

Encumbered debt consists of purchased services for the contract period not yet paid. The amount of encumbered debt for the fiscal years ending June 30, 2011 and 2010 is \$1,242,377 and \$1,109,000 respectively.

Note 5. FEDERAL TRANSIT FORMULA GRANTS

The following consists of the Activity of the U.S. Department of Transportation Federal Transit Grant (Urbanized Area Formula Program - Federal Grant 5307)

Program number CA-90-Y469-00		50% Federal Reimbursement <u>Operations</u>	80% Federal Reimbursement <u>Capital</u>	<u>Total</u>
Fiscal year 06/07	Construction	\$ <u> --</u>	\$ <u>2,948,114</u>	<u>\$2,948,114</u>
	Capital			
Requested	6/30/11	<u> --</u>	<u>149,705</u>	<u>149,705</u>
	Per grant	<u> --</u>	<u>2,948,114</u>	<u>2,948,114</u>
	Available Grant Balance at 6/30/11	<u>\$ <u> --</u></u>	<u>\$ <u>2,798,409</u></u>	<u>\$ <u>2,798,409</u></u>
Program number CA-96-X064-00 ARRA		50% Federal Reimbursement <u>Operations</u>	100% Federal Reimbursement <u>Capital</u>	<u>Total</u>
Fiscal year 09/10	Construction	\$ <u> --</u>	\$ <u>1,221,911</u>	<u>\$1,221,911</u>
	Capital			
Requested	6/30/11	<u> --</u>	<u> --</u>	<u> --</u>
	Per grant	<u> --</u>	<u>1,221,911</u>	<u>1,221,911</u>
	Available Grant Balance at 6/30/11	<u>\$ <u> --</u></u>	<u>\$ <u>1,221,911</u></u>	<u>\$ <u>1,221,911</u></u>
Program number CA-90-Y872-00		50% Federal Reimbursement <u>Operations</u>	80% Federal Reimbursement <u>Capital</u>	<u>Total</u>
Fiscal year 10/11	Operations	\$ <u>919,646</u>	\$ <u> --</u>	<u>\$ 919,646</u>
Requested	6/30/11	<u>919,646</u>	<u> --</u>	<u>919,646</u>
	Per grant	<u>919,646</u>	<u> --</u>	<u>919,646</u>
	Available Grant Balance at 6/30/11	<u>\$ <u> --</u></u>	<u>\$ <u> --</u></u>	<u>\$ <u> --</u></u>

See independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011 and 2010**

Note 5. FEDERAL TRANSIT FORMULA GRANTS (Continue'd)

The following consists of the Activity of the U.S. Department of Transportation Federal Transit Grant (Rural Area Formula Program - Federal Grant 5311)

Program number 649835 ARRA		50% Federal Reimbursement <u>Operations</u>	100% Federal Reimbursement <u>Capital</u>	<u>Total</u>
Fiscal year 09/10 Requested	Operations	\$ <u> --</u>	\$ <u> 620,899</u>	\$ <u> 620,899</u>
	6/30/11	<u> --</u>	<u> 59,687</u>	<u> 59,687</u>
	Per grant	<u> --</u>	<u> 620,899</u>	<u> 620,899</u>
	Available Grant Balance at 6/30/11	\$ <u> --</u>	\$ <u> 561,212</u>	\$ <u> 561,212</u>

Program number 641131		50% Federal Reimbursement <u>Operations</u>	80% Federal Reimbursement <u>Capital</u>	<u>Total</u>
Fiscal year 10/11 Requested	Operations	\$ <u> 362,869</u>	\$ <u> --</u>	\$ <u> 362,869</u>
	6/30/11	<u> 362,869</u>	<u> --</u>	<u> 362,869</u>
	Per grant	<u> 362,869</u>	<u> --</u>	<u> 362,869</u>
	Available Grant Balance at 6/30/11	\$ <u> --</u>	\$ <u> --</u>	\$ <u> --</u>

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 (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.

During the fiscal year ended June 30, 2011, the Imperial County Transportation Commission applied for and received proceeds of \$100,000 from the State of California STIP-PPM Program based on an agreement entered into on November 4, 2010. These funds are to be used for category C expenditures which include the Regional transit planning activities including program development & monitoring, and updates to the Short Range Transit Plan.

See independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011 and 2010**

Note 6. STIP-PLANNING, PROGRAMMING & MONITORING PROGRAM (Continued)

As of June 30, 2011, the remaining balance of the total \$100,000 in STIP-PPM proceeds is \$71,325, with a total of \$28,675 of Category C related expenditures for the year. 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. PRIOR PERIOD ADJUSTMENTS

In the prior fiscal year an amount of \$20,545 was claimed as reimbursements for administrative expenses related to the PTMISEA funds. However, during fiscal year 2010-11 these reimbursements for administrative expenses were disallowed and were properly returned back to the PTMISEA reserve funds. A prior period adjustment was performed. The effect of this adjustment was a decrease in fund balance for the prior fiscal year.

Note 8. RECLASSIFICATIONS

Certain amounts in the 2010 financial statements have been reclassified to conform with the 2011 financial statement presentation. Such reclassifications had no effect on the reported net assets.

Note 9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 22, 2012, the report date, and has determined that there are no reportable events.

See independent auditors' report



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**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 Transit Planning and Programs Management, as of June 30, 2011, and for the year then ended and have issued our report thereon dated June 22, 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 Transit 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 and grants, 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, 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

June 22, 2012

SUPPLEMENTARY INFORMATION

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT
SCHEDULES OF SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 2011 and 2010**

	2011	2010
Schedule I - Purchased Transportation Services		
Countywide Transit System	\$ 2,590,266	\$ 2,445,331
IVT - Blue/Green Line	531,984	510,121
ADA Paratransit	836,022	761,356
Med Express	141,847	119,757
West Shores - Dial-a-Ride	63,369	87,738
Transportation Encumbrance & Fare Adjustments	<u>720,627</u>	<u>858,044</u>
 Purchased Transportation Services - Total	 <u>\$ 4,884,115</u>	 <u>\$ 4,782,347</u>

Schedule II - Professional Services

Professional & Special Service - Project Consultants	\$ 341,356	\$ 89,324
Prof & Spec Svs Data Pro	6,755	4,004
Prof & Spec Svs Other (Accounting and Engineering Support Services)	--	2,579
Prof & Spec Serv-Audit (External)	26,920	77,235
Prof & Spec Serv-Audit (Internal)	--	9,220
Overhead reimbursement	46,556	--
Professional Services Encumbrance Adjustments	<u>2,380</u>	<u>31,915</u>
 Professional Services - Total	 <u>\$ 423,967</u>	 <u>\$ 214,277</u>

Schedule III - General Administration

General Administration - Salaries & Benefits

Permanent Salaries	\$ 143,204	\$ 138,750
Extra Help	3,585	--
Social Security - Medicare	2,100	1,985
County Contr Retirement	17,553	16,682
Ins-Workers Comp	2,325	2,040
Ins-Unemployment	1,028	777
Group Insurance	22,114	22,380
Retirement-Pension Bond	8,699	9,155
Retirement - Health Plan	<u>8,062</u>	<u>7,163</u>
 <i>General Administration - Salaries & Benefits Total</i>	 <u>208,670</u>	 <u>198,932</u>

See independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSIT PLANNING AND PROGRAMS MANAGEMENT
SCHEDULES OF SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 2011 and 2010**

Schedule III - General Administration (con't)

General Administration - Other

Communications - Phone Charge	1,409	232
Communications - Services	419	237
Insurance Liability	21,701	819
Memberships	--	375
Office Expenses	3,650	5,090
Cal Card Charges	900	1,093
Redemption of Benefits	2,476	2,614
Rents & Leases	1,059	1,605
Travel-In Cnty Car	1,493	1,669
Travel Out of Cnty Misc	6,576	6,375
Special Dept Expense	1,703	675
Equipment	14,045	--
General Administration Encumbrance Adjustments	<u>2,181</u>	<u>(1,092)</u>
<i>General Administration - Other Total</i>	<u>57,612</u>	<u>19,692</u>
General Administration - Grand Total	<u>\$ 266,282</u>	<u>\$ 218,624</u>

Schedule IV - Capital Project Expenditures

State Prop 1B - PTMISEA	\$ --	\$ 1,270,120
EI Centro-IVC Transfer Terminal	150,882	64,653
Brawley Transfer Terminal	<u>59,687</u>	<u>--</u>
Capital Project Expenditures - Total	<u>\$ 210,569</u>	<u>\$ 1,334,773</u>

Schedule V - State Transit Revenue

State Transit Revenue - TDA/LTF	\$ 3,682,908	\$ 3,195,658
State Transit Revenue - PTMISEA	--	1,159,677
State Transit Revenue - CTGSP	<u>2,350</u>	<u>133,338</u>
State Transit Revenue - Total	<u>\$ 3,685,258</u>	<u>\$ 4,488,673</u>

See independent auditors' report