

Imperial County Transportation Commission

El Centro, California

Financial Statements and Independent Auditors' Reports

For the Year Ended June 30, 2023



Imperial County Transportation Commission
For the Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Imperial County Transportation Commission
El Centro, California

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Imperial County Transportation Commission (the "Commission"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the Commission, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules – Major Special Revenue Funds, the Schedule of the Proportionate Share of the Net Pension Liability and Related Ratios, and the Schedule Pension Contributions, as listed in the table of contents, 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.

To the Board of Directors
of the Imperial County Transportation Commission
El Centro, California
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Management has omitted the Management's Discussion and Analysis 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 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024 on our consideration of the Commission'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 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 the Commission's 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 the Commission's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The Perini Group, LLP". The signature is written in a cursive, flowing style.

San Diego, California
March 19, 2024

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**REPORT ON COMPLIANCE FOR THE TRANSPORTATION PLANNING AGENCY REQUIRED BY
TRANSPORTATION DEVELOPMENT ACT
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Independent Auditors' Report

To the Board of Directors
of the Imperial County Transportation Commission
El Centro, California

Report on Compliance for Transportation Planning Agency Required by Transportation Development Act

Opinion

We have audited the Imperial County Transportation Commission's ("the Commission") compliance with the compliance requirements described in §6662 and §6663 of the California Code of Regulation, Title 21, Division 3, Chapter 3, Article 5.5 applicable to the Commission's compliance as Transportation Planning Agency ("TPA") for the year ended June 30, 2023.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that are applicable to the Commission as Transportation Planning Agency for the year ended June 30, 2023.

Basis for Opinion on Measure X Program

We conducted our audit of compliance 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; Transportation Development Act ("TDA") Statutes and California Code of Regulations, July 2018, issued by the California Department of Transportation Division of Rail and Mass Transportation ("TDA Guidebook"), are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for Transportation Planning Agency Required by Transportation Development Act. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's Transportation Development Act.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards in the United States of America and *Government Auditing Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of the Transportation Development Act as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Measure X Program, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the Transportation Development Act on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Transportation Development Act that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Board of Directors
of the Imperial County Transportation Commission
El Centro, California
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Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of §6662 and §6663 of the California Codes of Regulation, Title 21, Division 3, Chapter 3, Article 5.5. Accordingly, this report is not suitable for any other purpose.

The PwC Group, LLP

San Diego, California
March 19, 2024

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Imperial County Transportation Commission
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 27,136,576	\$ 31,723,407	\$ 58,859,983
Receivables			
Accounts receivable	1,826,550	-	1,826,550
Interest receivable	759,701	228,206	987,907
Due from other governments	721,796	854,586	1,576,382
Total current assets	<u>30,444,623</u>	<u>32,806,199</u>	<u>63,250,822</u>
Non-current assets:			
Capital assets:			
Depreciable, net of accumulated depreciation	-	3,860,260	3,860,260
Total capital assets, net	<u>-</u>	<u>3,860,260</u>	<u>3,860,260</u>
Total non-current assets	<u>-</u>	<u>3,860,260</u>	<u>3,860,260</u>
Total assets	<u>30,444,623</u>	<u>36,666,459</u>	<u>67,111,082</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	171,754	417,251	589,005
Total deferred outflows of resources	<u>171,754</u>	<u>417,251</u>	<u>589,005</u>
LIABILITIES			
Current liabilities:			
Accounts payable	4,381,537	7,517,845	11,899,382
Accrued payroll	9,082	21,469	30,551
Unearned revenues	2,577,886	-	2,577,886
Compensated absences, due within one year	21,260	46,756	68,016
Total current liabilities	<u>6,989,765</u>	<u>7,586,070</u>	<u>14,575,835</u>
Long-term liabilities:			
Net pension liability	209,292	508,445	717,737
Total long-term liabilities	<u>209,292</u>	<u>508,445</u>	<u>717,737</u>
Total liabilities	<u>7,199,057</u>	<u>8,094,515</u>	<u>15,293,572</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	33,092	80,393	113,485
Total deferred inflows of resources	<u>33,092</u>	<u>80,393</u>	<u>113,485</u>
NET POSITION			
Net investment in capital assets	-	3,860,260	3,860,260
Restricted	23,384,228	25,048,542	48,432,770
Total net position	<u>\$ 23,384,228</u>	<u>\$ 28,908,802</u>	<u>\$ 52,293,030</u>

Imperial County Transportation Commission
Statement of Activities
For the Year Ended June 30, 2023

Function/Programs	Program Revenues				Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	\$ 7,823,150	\$ -	\$ -	\$ -	\$ -
Professional services	656,812	-	-	-	-
Transit and transportation	6,812,299	95,750	4,056,684	6,525,055	10,677,489
Total governmental activities	<u>15,292,261</u>	<u>95,750</u>	<u>4,056,684</u>	<u>6,525,055</u>	<u>10,677,489</u>
Business-type Activities:					
Transportation services	17,065,443	649,967	11,016,181	-	11,666,148
Total business-type activities	<u>17,065,443</u>	<u>649,967</u>	<u>11,016,181</u>	<u>-</u>	<u>11,666,148</u>
Total primary government	<u>\$ 32,357,704</u>	<u>\$ 745,717</u>	<u>\$ 15,072,865</u>	<u>\$ 6,525,055</u>	<u>\$ 22,343,637</u>

Imperial County Transportation Commission
Statement of Activities (Continued)
For the Year Ended June 30, 2023

Function/Programs	Net (Expense) Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Totals
Governmental Activities:			
General government	\$ (7,823,150)	\$ -	\$ (7,823,150)
Professional services	(656,812)	-	(656,812)
Transit and transportation	3,865,190	-	3,865,190
Total governmental activities	(4,614,772)	-	(4,614,772)
Business-type Activities:			
Transportation services	-	(5,399,295)	(5,399,295)
Total business-type activities	-	(5,399,295)	(5,399,295)
Total primary government	(4,614,772)	(5,399,295)	(10,014,067)
General revenues:			
Transportation Development Act sales taxes	9,137,065	-	9,137,065
Investment income	1,064,044	667,555	1,731,599
Other miscellaneous revenue	6,748	-	6,748
Total general revenues	10,207,857	667,555	10,875,412
Transfers	(3,219,893)	3,219,893	-
Changes in net position	2,373,192	(1,511,847)	861,345
Net Position:			
Beginning of year, as restated (Note 14)	21,011,036	30,420,649	51,431,685
End of year	\$ 23,384,228	\$ 28,908,802	\$ 52,293,030

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FUND FINANCIAL STATEMENTS

Imperial County Transportation Commission
Balance Sheet
Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Transportation Development Act Fund	State Transit Assistance Fund	Prop 1B Fund	State of Good Repair Fund
ASSETS				
Cash and investments	\$ 13,508,119	\$ 5,493,508	\$ 2	\$ 1,536,795
Receivables:				
Accounts receivable	1,781,360	-	30	-
Interest receivable	667,980	39,092	-	11,308
Due from other governments	-	721,796	-	-
Due from other funds	960,561	-	-	-
Total assets	\$ 16,918,020	\$ 6,254,396	\$ 32	\$ 1,548,103
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 42,649	\$ 59,923	\$ -	\$ 89,930
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	1,119,713	-	1,458,173
Total liabilities	42,649	1,179,636	-	1,548,103
Fund Balances:				
Restricted	16,875,371	5,074,760	32	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	16,875,371	5,074,760	32	-
Total liabilities and fund balances	\$ 16,918,020	\$ 6,254,396	\$ 32	\$ 1,548,103

Imperial County Transportation Commission
Balance Sheet (Continued)
Governmental Funds
June 30, 2023

	Special Revenue Funds			Total Governmental Funds
	Regional Planning and Programs Fund	Regional Collaborations Fund	SAFE Fund	
ASSETS				
Cash and investments	\$ 5,039,592	\$ 23,591	\$ 1,534,969	\$ 27,136,576
Receivables:				
Accounts receivable	8,294	-	36,866	1,826,550
Interest receivable	29,599	93	11,629	759,701
Due from other governments	-	-	-	721,796
Due from other funds	-	-	-	960,561
Total assets	<u><u>\$ 5,077,485</u></u>	<u><u>\$ 23,684</u></u>	<u><u>\$ 1,583,464</u></u>	<u><u>\$ 31,405,184</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,167,170	\$ 12,971	\$ 8,894	\$ 4,381,537
Accrued payroll	8,700	-	382	9,082
Due to other funds	960,561	-	-	960,561
Unearned revenues	-	-	-	2,577,886
Total liabilities	<u><u>5,136,431</u></u>	<u><u>12,971</u></u>	<u><u>9,276</u></u>	<u><u>7,929,066</u></u>
Fund Balances:				
Restricted	-	10,713	1,574,188	23,535,064
Unassigned (deficit)	(58,946)	-	-	(58,946)
Total fund balances (deficit)	<u><u>(58,946)</u></u>	<u><u>10,713</u></u>	<u><u>1,574,188</u></u>	<u><u>23,476,118</u></u>
Total liabilities and fund balances	<u><u>\$ 5,077,485</u></u>	<u><u>\$ 23,684</u></u>	<u><u>\$ 1,583,464</u></u>	<u><u>\$ 31,405,184</u></u>

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Imperial County Transportation Commission
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances of governmental funds	\$ 23,476,118
Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:	
Pension related deferred outflows of resources	171,754
Net pension liability	(209,292)
Pension related deferred inflows of resources	(33,092)
Compensated absences liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	<u>(21,260)</u>
Net position of governmental activities	<u><u>\$ 23,384,228</u></u>

Imperial County Transportation Commission
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	Transportation Development Act Fund	State Transit Assistance Fund	Prop 1B Fund	State of Good Repair Fund
Revenues:				
State allocations	\$ -	\$ 3,276,811	\$ -	\$ 89,930
Federal allocations	-	-	-	-
TDA sales taxes	9,137,065	-	-	-
Investment income	865,478	77,008	-	-
Membership revenues	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>10,002,543</u>	<u>3,353,819</u>	<u>-</u>	<u>89,930</u>
Expenditures:				
Current:				
TDA disbursements	5,695,135	1,140,039	-	-
General and administrative	-	-	-	-
Professional services	-	-	-	89,930
Total expenditures	<u>5,695,135</u>	<u>1,140,039</u>	<u>-</u>	<u>89,930</u>
Excess of revenues over (under) expenditures	<u>4,307,408</u>	<u>2,213,780</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers out	(3,219,893)	-	-	-
Total other financing sources (uses)	<u>(3,219,893)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,087,515	2,213,780	-	-
Fund balances (deficit):				
Beginning of year, as restated (Note 14)	15,787,856	2,860,980	32	-
End of year	<u>\$ 16,875,371</u>	<u>\$ 5,074,760</u>	<u>\$ 32</u>	<u>\$ -</u>

Imperial County Transportation Commission
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			Total Governmental Funds
	Regional Planning and Programs Fund	Regional Collaborations Fund	SAFE Fund	
Revenues:				
State allocations	\$ 277,280	\$ 151,871	\$ 210,200	\$ 4,006,092
Federal allocations	6,525,055	50,592	-	6,575,647
TDA sales taxes	-	-	-	9,137,065
Investment income	86,730	244	34,584	1,064,044
Membership revenues	95,750	-	-	95,750
Other revenues	6,748	-	-	6,748
Total revenues	<u>6,991,563</u>	<u>202,707</u>	<u>244,784</u>	<u>20,885,346</u>
Expenditures:				
Current:				
TDA disbursements	-	-	-	6,835,174
General and administrative	7,787,575	31	35,544	7,823,150
Professional services	264,202	190,977	111,703	656,812
Total expenditures	<u>8,051,777</u>	<u>191,008</u>	<u>147,247</u>	<u>15,315,136</u>
Excess of revenues over (under) expenditures	<u>(1,060,214)</u>	<u>11,699</u>	<u>97,537</u>	<u>5,570,210</u>
Other financing sources (uses):				
Transfers out	-	-	-	(3,219,893)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,219,893)</u>
Net change in fund balance	(1,060,214)	11,699	97,537	2,350,317
Fund balances (deficit):				
Beginning of year, as restated (Note 14)	1,001,268	(986)	1,476,651	21,125,801
End of year	<u>\$ (58,946)</u>	<u>\$ 10,713</u>	<u>\$ 1,574,188</u>	<u>\$ 23,476,118</u>

Imperial County Transportation Commission
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Government-Wide Statement of Activities
For the Year Ended June 30, 2023

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances of governmental funds	\$	2,350,317
Changes in the net pension liability in the Statement of Activities did not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		(189,840)
Changes in pension-related deferrals in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Pension-related deferred outflows of resources		(3,715)
Pension-related deferred inflows of resources		215,170
Changes in compensated absences do not use current financial resources and, therefore are not reported as an expenditure in governmental funds.		1,260
Change in net position of governmental activities	\$	2,373,192

Imperial County Transportation Commission
Statement of Net Position
Proprietary Fund
June 30, 2023

		Enterprise Fund	
		Transit Planning and Programs Management Fund	Total
ASSETS			
Current Assets:			
Cash and investments		\$ 31,723,407	\$ 31,723,407
Receivables:			
Due from other governments		854,586	854,586
Interest receivable		228,206	228,206
Total current assets		<u>32,806,199</u>	<u>32,806,199</u>
Noncurrent Assets:			
Depreciable, net of accumulated depreciation		3,860,260	3,860,260
Total noncurrent assets		<u>3,860,260</u>	<u>3,860,260</u>
Total assets		<u>36,666,459</u>	<u>36,666,459</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions		417,251	417,251
Total deferred outflows of resources		<u>417,251</u>	<u>417,251</u>
LIABILITIES			
Current Liabilities:			
Accounts payable		7,517,845	7,517,845
Accrued payroll		21,469	21,469
Compensated absences, due within one year		46,756	46,756
Total current liabilities		<u>7,586,070</u>	<u>7,586,070</u>
Long-term liabilities:			
Net pension liability		508,445	508,445
Total long-term liabilities		<u>508,445</u>	<u>508,445</u>
Total liabilities		<u>8,094,515</u>	<u>8,094,515</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions		80,393	80,393
Total deferred inflows of resources		<u>80,393</u>	<u>80,393</u>
NET POSITION			
Net investment in capital assets		3,860,260	3,860,260
Restricted		25,048,542	25,048,542
Total net position		<u>\$ 28,908,802</u>	<u>\$ 28,908,802</u>

Imperial County Transportation Commission
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2023

	Enterprise Fund	
	Transit Planning and Programs Management Fund	Total
Operating Revenues:		
Passenger fares	\$ 649,967	\$ 649,967
Total operating revenue	<u>649,967</u>	<u>649,967</u>
Operating Expenses:		
Purchased transportation services	8,580,146	8,580,146
Professional services	561,037	561,037
General administration	809,687	809,687
Capital contributions	6,056,919	6,056,919
Maintenance	235,727	235,727
Depreciation	821,927	821,927
Total operating expenses	<u>17,065,443</u>	<u>17,065,443</u>
Operating income (loss)	<u>(16,415,476)</u>	<u>(16,415,476)</u>
Nonoperating Revenues (Expenses):		
State transit revenues	6,698,920	6,698,920
Federal grant revenues	3,909,612	3,909,612
ICTC reimbursements	407,649	407,649
Interest income	667,555	667,555
Total nonoperating revenues (expenses)	<u>11,683,736</u>	<u>11,683,736</u>
Income (loss) before transfers	<u>(4,731,740)</u>	<u>(4,731,740)</u>
Transfers:		
Transfers in	3,219,893	3,219,893
Total transfers	<u>3,219,893</u>	<u>3,219,893</u>
Change in net position	(1,511,847)	(1,511,847)
Net Position:		
Beginning of year, as restated (Note 14)	30,420,649	30,420,649
End of year	<u>\$ 28,908,802</u>	<u>\$ 28,908,802</u>

Imperial County Transportation Commission
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2023

	Enterprise Fund	
	Transit Planning and Programs Management Fund	Totals
Cash flows from operating activities:		
Passenger fares	\$ 649,967	\$ 649,967
Payments to vendors	(8,579,775)	(8,579,775)
Payments to employees	(836,196)	(836,196)
Net cash used in operating activities	<u>(8,766,004)</u>	<u>(8,766,004)</u>
Cash flows from noncapital financing activities:		
Cash received from other funds	3,219,893	3,219,893
Non-operating grants received	13,084,102	13,084,102
Net cash provided by noncapital financing activities	<u>16,303,995</u>	<u>16,303,995</u>
Cash flows from investing activities:		
Interest received	526,663	526,663
Net cash provided by investing activities	<u>526,663</u>	<u>526,663</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(225,000)	(225,000)
Net cash (used in) capital and related financing activities	<u>(225,000)</u>	<u>(225,000)</u>
Net increase in cash and investments	8,064,654	8,064,654
Cash and investments, beginning of year	<u>23,658,753</u>	<u>23,658,753</u>
Cash and investments, end of year	<u>\$ 31,723,407</u>	<u>\$ 31,723,407</u>
Reconciliation of operating (loss) to net cash provided by operating activities		
Operating (loss)	\$ (16,415,476)	\$ (16,415,476)
Adjustment to reconcile operating loss to net cash provided by operating activities:		
Depreciation	821,927	821,927
Change in assets and liabilities:		
Pension-related deferred outflows of resources	(44,380)	(44,380)
Accounts payable	6,854,054	6,854,054
Accrued payroll	(1,155)	(1,155)
Compensated absences	(920)	(920)
Net pension liability	467,109	467,109
Pension-related deferred inflows of resources	(447,163)	(447,163)
Total adjustments	<u>7,649,472</u>	<u>7,649,472</u>
Net cash used in operating activities	<u>\$ (8,766,004)</u>	<u>\$ (8,766,004)</u>

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Imperial County Transportation Commission
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1 – Reporting Entity

The Imperial County Transportation Commission (the “Commission”) was established under Senate Bill 607 (SB 607 - Ducheny) which was approved by the California Legislature and Governor Arnold Schwarzenegger in 2009. As a county transportation commission, the Commission member agencies are enabled to exercise basic initiative and leadership in the transportation planning and programming process. The Commission will act in accordance with all applicable laws and statutes for county transportation commissions. The Commission body will guide the development of the Regional Transportation Plan for the Imperial region and its Regional, State and Federal transportation improvement programs (“TIP”s) and their updates, including, but not limited to: the distribution and oversight of Local Transportation Fund monies; the preparation and submittal of applications for transportation related funds; approval of the allocation and claims for Transportation Development Act funds; the planning, programming and administration of regional transit services; and, encourage active citizen participation in the development and implementation of various transportation-related plans and programs.

As established under SB 607, the Commission Board is currently composed of ten voting members and one non-voting member consisting of two members of the Imperial County Board of Supervisors; one member from each incorporated city (seven) within Imperial County who shall be the mayor of the city or a member of its city council; one member of the Board of Directors of the Imperial Irrigation District; and, one non-voting member appointed by the Governor representing the California Department of Transportation (“CalTrans”). In the future the governing Board of the commission may also include the following ex-officio or non-voting members: one member representing the State of Baja California, Mexico, who may be appointed by the governor of the state; one member representing the municipality of Mexicali, Mexico, who may be the mayor or his or her designee; one member representing the Consul of Mexico in Calexico, California, who may be the consul or his or her designee; and, one member representing any federally recognized Native American tribe in Imperial County.

In addition to the responsibilities described above, the Commission provides direct management, administration and oversight for the following local and regional transportation programs:

- Imperial Valley Transit (“IVT”) System and its Inner-City Circulator Service (Blue, Green, and Gold Lines)
- MedTrans (non-emergency medical demand response service to San Diego)
- IVT ACCESS (Americans with Disabilities Act - ADA paratransit service)
- IVT RIDE (curb to curb transit service for seniors; persons age 55 years and over, and persons with disabilities in the Cities of Brawley, Calexico, El Centro, Heber, Imperial and West Shores)
- Imperial County Local Transportation Authority (Measure D Sales Tax Program)

Note 2 – Summary of Significant Accounting Policies

The basic financial statements of the Commission have been prepared in accordance with accounting principles generally accepted of the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission’s accounting policies are described below.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Accounting and Measurement Focus

The accounts of the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The Commission's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Commission accompanied by a total column.

These financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the Commission's assets and liabilities, including capital assets, as well as long-term liabilities, are included in the accompanying Statement of net position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the Commission in the following categories:

- Charges for services;
- Operating grants and contributions;
- Capital grants and contributions

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Change in Fund Balances. An accompanying reconciliation explains the differences in net position as presented in these statements to the net position presented in the Government-Wide Financial Statements.

The governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Change in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except for that revenues subject to accrual (generally 60 days after year-end) are recognized when measurable and available. The primary revenue sources, which have been treated as susceptible to accrual by the Commission, are sales tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Revenues from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Commission must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the Commission on a reimbursement basis.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Unavailable revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable and unearned revenues are removed from the Balance Sheet and revenues are recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences.

The Commission reports the following major governmental funds:

Transportation Development Act Special Revenue Fund – This fund was established by the Commission in order to administer funds derived from $\frac{1}{4}$ cent of the local general sales tax collected statewide. The state Board of Equalization returns the $\frac{1}{4}$ cent to each county according to the amount of tax collected. Disbursements from the TDA fund are made to the County of Imperial and the cities located within the County.

State Transit Assistance Special Revenue Fund - This fund was established pursuant to SB 620 to supplement existing funding sources for public transit services. The revenues of the fund are derived from a portion of the sales tax on gasoline and are subject to appropriation by the legislature. Disbursements from the fund are made by the Imperial County Auditor-Controller based upon allocation instruction received from the Commission.

Prop 1B Special Revenue Fund - This fund was established in order to account for funding received from bonds issued by the State. These funds provide for transit capital, corridor mobility improvements, goods movement, state-local partnership funds and local streets and roads.

State of Good Repair Special Revenue Fund - This fund was established in order to account for the funding received for the provisions of SB1 which apportions funding by formula for any transit-related capital maintenance purposes, including repair, refurbishment and replacement of existing transit vehicles and infrastructure.

Regional Planning and Programs Special Revenue Fund - This fund was established in order to administer regional transportation programs and services.

Regional Collaborations Special Revenue Fund - This fund was established for the purpose of tracking activities of joint projects with other agencies in the region.

SAFE Special Revenue Fund - This fund was established for the purpose of tracking activities of the Service Authority for Freeway Emergencies revenues received from the Department of Motor Vehicles user registration fees.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements

Proprietary funds account for operations (1) that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds are accounted for on a flow of “*economic resources*” measurement focus and accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation are recognized when they are earned, and expenses and deductions are recognized when they are incurred. Non-exchange revenues are recognized when all eligibility requirements have been met. Cost reimbursement grant revenues are recognized when program expenses are incurred in accordance with program guidelines. When non-exchange revenues are received before eligibility requirements at met, they are reported as unearned revenues until earned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund’s principal ongoing operations. The principal operating revenue of the Commission’s proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the cost of services, general and administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Commission reports the following major enterprise fund:

Transit Planning and Programs Fund - This fund was established in order to administer the various transit programs, grants and services provided either in house or under contract with various providers. The program receives various state and federal grants including the Federal Transportation Administration (FTA) Section 5307, 5310, and 5311. The specific federal funds received are programmed to be utilized for operation costs of Imperial Valley Transit (“IVT”), the IVT Blue, Green and Gold Lines, MedTrans, and IVT ACCESS, the ADA paratransit system and the mobility coordination program.

B. Cash and Cash Equivalents

The County of Imperial Auditor-Controller 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. The investment policies and the risks related to cash and investments 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.

Cash and investments are reported at fair value. The fair value measurements are based on 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 market for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Deposits and withdrawals in the County Investment Pool are made on the basis of \$1 and not fair value. Accordingly, investments in the County Investment Pool are based on uncategorized inputs not defined as Level 1, Level 2, or Level 3.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from/to other funds” (i.e., current portion of interfund loans) or “advances to/from other funds” (i.e., long-term in nature). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-wide Financial Statements as “internal balances”.

D. Capital Assets

Capital assets, which include equipment and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Assets	Useful Lives
Automobiles	3 to 5 years
Buildings	40 years
Improvements	2 to 40 years
Radios and communication equipment	3 years
Small furniture, fixtures, and office equipment	5 years
Large furniture and durable goods	10 years
Computer hardware	3 years
Computer software	3 years
Transit vehicles	5 to 12 years

E. Unearned Revenue

Unearned revenues are reported for resources received before the eligibility requirements are met (excluding time requirements) or services are provided.

F. Compensated Absences

Personal time off (“PTO”) hours accumulated and not taken are accrued at fiscal year-end and a liability is reported in the government-wide financial statements. The liability will be liquidated with resources from the governmental and proprietary funds. Upon termination an employee with a minimum of twelve months of continuous services will receive 100% of the unused PTO balance.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

G. Deferred Outflows and Inflows of Resources

The Statement of Net Position/Balance Sheet reports separate sections for deferred outflows of resources, and deferred inflows of resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

The Commission reports deferred outflows and inflows of resources related to pension on the Government-wide Statement of Net Position, under full accrual basis of accounting. Pension-related deferred outflows of resources relate to contributions made subsequent to the measurement date, which will be reflected as a reduction of net pension liability in a future reporting period, difference between expected and actual experience, changes of assumptions, net difference between projected and actual earnings on pension plan investments, and adjustments due to differences in proportions. Pension-related deferred inflows of resources include the difference between expected and actual experience and adjustments due to differences in proportions, and will be recognized as part of pension expense in future reporting periods. Refer to Note 8 for items identified as deferred inflows and outflows related to pensions as of June 30, 2023.

H. Net Position Classifications

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets (where applicable). This portion of net position is not accessible for other purposes.

Restricted – This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. The restrictions are placed by third parties or enabling legislation.

Unrestricted – This component of net position is the remaining amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the Commission's policy is to apply restricted net position first.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

I. Fund Balance Classifications

In the governmental fund financial statements, fund balances are classified in the following categories:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, and items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body and that remain binding unless removed in the same manner. The Commission Board of Directors is considered the highest authority for the Commission and must commit or uncommit fund balance via formal resolution.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government’s intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Board and the Executive Director have the authority to assign amounts to be used for specific purposes.

Unassigned – This category is for the remaining fund balance.

When both restricted and unrestricted resources are available for use, it is the Commission’s policy to use externally restricted resources first, the unrestricted resources-committed, assigned, and unassigned-in order as needed. The Commission has no formal policy of assignment of fund balance, so it is presumed that the order of spending is first committed fund balance, then assigned fund balance, and last of all, unassigned fund balance.

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission’s Imperial County Employees’ Retirement System (“ICERS”) plans (“Plans”) and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by the ICERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Pensions (Continued)

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

K. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

Note 3 – Cash and Investments

At June 30, 2023, cash and investments are classified in the financial statements as follows:

	Governmental Activities	Business-Type Activities	Total
Cash and investments	\$ 27,136,576	\$ 31,723,407	\$ 58,859,983

At June 30, 2023, cash and investments consisted of the following:

Imperial County investment pool	\$ 58,859,983
Total	\$ 58,859,983

Demand Deposits

At June 30, 2023, the carrying amount of the Commission’s deposits were \$0 and bank balances were \$248,376. The total bank balance was covered by federal depository insurance or by collateral held by the Commission’s agent in the Commission’s name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the Commission’s cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Commission's name.

The market value of pledged securities must equal at least 110% of the Commission's cash deposits. California law also allows institutions to secure the Commission deposits by pledging first trust deed mortgage notes having a value of 150% of the Commission’s total cash deposits. the Commission may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (“FDIC”). the Commission has waived the collateralization requirements for deposits insured by FDIC.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Cash and Investments (Continued)

Cash Pooled with Imperial County Investment Pool

The Commission is a participant in the Imperial County Investment Pool (Pool) and maintained cash in the amount of \$58,859,983 in the Imperial County Treasury at June 30, 2023. The County pools these funds with those of other entities in the County and invests the cash. Cash on deposit in the Pool is stated at fair value. The Pool values participant shares at fair market value during the year and adjusts to fair value at year-end.

Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County of Imperial’s Annual Comprehensive Financial Report.

The Pool is not registered within the Securities and Exchange Commission (“SEC”), and a treasury oversight committee provides oversight to ensure that investments comply with the approved County investment policy. At June 30, 2023, the weighted average maturity for the Pool is less than one year. The Imperial County Treasury is not rated by the rating agency. At the year end, the Imperial County Treasury was not exposed to custodial credit risk.

Note 4 – Federal, State, and Local Grants

Federal Assistance – The Commission receives Federal operating assistance funds through the U.S. Department of Transportation Grants (Urbanized Area Formula Program – Federal Grant 5307, Rural Area Formula Program – Federal Grant 5311, Enhanced Mobility of Seniors and Individuals with Disabilities – Federal Grant 5310, Highway Planning and Construction Program, and Congestion Mitigation and Air Quality Improvement Program – CMAQ) and Environmental Protection Agency. Total Federal assistance provided under these programs during the fiscal year ended June 30, 2023 was \$10,485,259.

Transportation Development Act – The Commission is subject to provisions pursuant to Section 6634 and 6637 of the California Administrative Code (CAC) and section 99268.3, 99268.4, and 99268.5 of the Public Utilities Code.

Section 6634 – Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant’s capital and operating costs less the required fare, local support, and the amount received during the year from a city or county to which the operator has provided service beyond its boundaries.

CMAQ – Congestion Mitigation and Air Quality grants from the Environmental Protection Agency and Better Utilizing Investment to Leverage Development.

Section 6637 – Pursuant to Section 6637, the claimant must maintain its accounts and records in accordance with the Uniform System of Accounts and Records adopted by the State Controller.

Section 99268.3, 99268.4 and 99268.5 – The Commission has several fare box recovery ratios for the various services provided.

	Required	Actual
IVT	17%	13.29%
IVT Access	10%	2.02%
IVT Ride	10%	9.80%
MedTrans	10%	3.49%

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 4 – Federal, State, and Local Grants (Continued)

Proposition 1B - The Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Fund and California Transit Security Grant Program (CTSGBP) are part of the State of California’s Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Bond Act), approved by California voters as Proposition 1B on November 7, 2006. A total of \$19.9 billion was deposited into the State Prop 1B fund, \$3.6 billion of which was made available to project sponsors in California for allocation to eligible public transportation projects over a 10-year period. Proposition 1B funds can be used for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation or replacement. The unearned balances for PTMISEA and CTSGBP as of June 30, 2023 are \$0.

Low Carbon Transit Operations Program (LCTOP) – LCTOP is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. The unearned balance for LCTOP funds as of June 30, 2023 was \$1,119,713.

State of Good Repair – The State of Good Repair Program provides funding to agencies for transit infrastructure repairs and service improvements. SGR funds are made available for eligible transit maintenance, rehabilitation and capital projects. The total unearned balance for State of Good Repair funds as of June 30, 2023 was \$1,458,173.

STIP-PPM Program – During the fiscal year ended June 30, 2023, the Commission applied for and received proceeds of \$259,000 from the State of California STIP-PPM Program. As of June 30, 2023, Category A, B, and C proceeds have been fully expended. This is detailed as follows:

Schedule III - STIP-PPM Category A	
Salaries & Benefits	\$ 94,380
Professional & Special Services	5,620
Subtotal category A	100,000
Schedule IV - STIP-PPM Category B	
Salaries & Benefits	-
Professional & Special Services	100,000
Subtotal category B	100,000
Schedule V - STIP-PPM Category C	
Salaries & Benefits	50,747
Travel	8,253
Subtotal category C	59,000
Total	\$ 259,000

Better Utilizing Investment to Leverage Development (BUILD) – The BUILD program is a federal competitive grant that looks to enhance America’s infrastructure. The Commission was awarded a \$20 million grant for the Calexico East Port of Entry Bridge Widening Project. As of June 30, 2023, the Commission has spent \$14,430,038 of the awarded proceeds on the project.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 5 – Interfund Transactions

A. Due To/From Other Funds

Amounts due to/from other funds consisted of the following for the year ended June 30, 2023:

	Due to Other Funds
	Regional Planning and Governmental Programs Fund
Due from Other Funds	
Governmental Funds:	
Transportation Development Act Fund	\$ 960,561
Total	\$ 960,561

The Regional Planning and Governmental Programs Fund borrowed \$960,561 from the Transportation Development Act Fund at June 30, 2023 to cover a cash shortfall.

B. Transfers

Interfund transfers consisted of the following for the year ended June 30, 2023:

	Transfers Out	
	Transportation Development Act Governmental Fund	Total
Transfers In		
Enterprise Funds:		
Transit Planning and Programs Management Fund	\$ 3,219,893	\$ 3,219,893
Total	\$ 3,219,893	\$ 3,219,893

Interfund transfers are generally used to move revenues from the fund that statute or budget require to collect them to fund that statute or budget requires to expend them.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Capital Assets

A summary of changes in capital assets for the business-type activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Business-type Activities:				
Depreciable assets:				
Furniture	\$ 14,045	\$ -	\$ -	\$ 14,045
Transit equipment	11,066,420	225,000	-	11,291,420
Total depreciable assets	11,080,465	225,000	-	11,305,465
Less: accumulated depreciation				
Furniture	(14,045)	-	-	(14,045)
Transit equipment	(6,609,233)	(821,927)	-	(7,431,160)
Total accumulated depreciation	(6,623,278)	(821,927)	-	(7,445,205)
Business-type activities capital assets, net	\$ 4,457,187	\$ (596,927)	\$ -	\$ 3,860,260

Depreciation expense for the year ended June 30, 2023 was from the following funds and was charged to transportation services for the business-type activities on the government-wide financial statements:

Transit Planning and Programs Management Fund	\$ 821,927
Total business-type activities depreciation	<u>\$ 821,927</u>
Transportation services	<u>\$ 821,927</u>

Note 7 – Compensated Absences

Changes in compensated absences for the year ended June 30, 2023, were as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due in One Year	Due in More Than One Year
Governmental Activities:						
Compensated absences	\$ 22,520	\$ 9,999	\$ (11,259)	\$ 21,260	\$ 21,260	\$ -
	<u>\$ 22,520</u>	<u>\$ 9,999</u>	<u>\$ (11,259)</u>	<u>\$ 21,260</u>	<u>\$ 21,260</u>	<u>\$ -</u>
Business-type Activities:						
Compensated absences	\$ 47,676	\$ 54,621	\$ (55,541)	\$ 46,756	\$ 46,756	\$ -

The Commission's policy relating to employees leave benefits is described in Note 2F, Compensated Absences. The long-term portion of compensated absences is expected to be paid in future years from future resources from the Regional Planning and Programs, Regional Collaboration, and Transit Planning and Programs Management funds.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Pension

A. General Information about the Pension Plan

Plan Description

The Imperial County Employees Retirement System (ICERS) was established by the County of Imperial in 1951. ICERS is administered by the Board of Retirement and governed by the County Employees’ Retirement Law of 1937 (California Government Code Section 31450 et. Seq.). ICERS is a cost-sharing multiple employer public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to members employed by the Commission.

The management of ICERS is vested with the Imperial County Board of Retirement. The Board consists of nine members and two alternates. The County Treasurer is a member of the Board of Retirement by law. Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor. Two members are elected by the General membership; one member and one alternate are elected by the Safety membership; one member and one alternate are elected by the retired members of the System. All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with their term as County Treasurer.

ICERS issues an audited stand-alone financial report which may be obtained by contacting the Board of Retirement at 1221 W. State Street, El Centro, CA 92243.

Employees Covered by Benefit Terms

At the June 30, 2022 measurement date, plan membership consisted of the following:

Active employees		10
Retired employees and beneficiaries		1
Total		11

Benefits Provided

ICERS provides service retirement, disability, death and survivor benefits to eligible employees. All regular full-time employees of the County of Imperial or contracting districts who work a minimum of 30 hours per week become members of ICERS effective on the first day of the first full pay period after employment. There are separate retirement plans for General and Safety member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and certain probation officers. Any new Safety Member who becomes a member on or after January 1, 2013 is designated as PEPRA Safety and is subject to the provisions of California Public Employees’ Pension Reform Act of 2013 (“PEPRA”) and California Government Code 7522 et seq. All other employees are classified as General members. New general members employed after January 1, 2013 are designated as PEPRA General subject to the provisions of California Government Code 7522 et seq.

General members hired prior to January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50 with 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 52, with five years of retirement service credit.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Pension (Continued)

A. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

General member benefits are calculated pursuant to the provisions of Sections 31676.11 and 31676.14 for Regular and Regular plus Supplemental Benefits, respectively. The monthly allowance is equal to 1/60th of final compensation for Regular and Regular plus Supplemental Benefits, times years of accrued retirement service credit times age factor from either Section 31676.11 (Regular Benefit) or Section 31676.14 (Regular plus Supplemental Benefit). General member benefits for those who are first hired on or after January 1, 2013, are calculated pursuant to the provision of California Government Code Section 7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

For members with membership dates before January 1, 2013, the maximum monthly retirement allowance is 100% of final compensation. However, for members with membership dates on or after January 1, 2013 the maximum amount of pensionable compensation that can be taken into account for 2022 is equal to \$153,671 (reference Section 7522.10). This limit is adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

Final average compensation consists of the highest 12 consecutive months for a general or safety member and the highest 36 consecutive months for a PEPRA general member or PEPRA safety member.

Contributions

The County of Imperial and contracting districts contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from ICERS' actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2022 for 2021-2022 (based on the June 30, 2020 valuation) was 22.84% of compensation.

All members are required to make contributions to ICERS regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2022 for 2021-2022 (based on the June 30, 2020 valuation) was 13.12% of compensation.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Pension (Continued)

B. Net Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liability (TPL) is measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. In particular, the following actuarial assumption were applied in the June 30, 2022 measurement:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount rate	7.00%
Inflation	2.75%
Salary increases	4.50% to 9.25%
Administrative expenses	1.80% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses are summarized in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption used for the June 30, 2021 actuarial valuation. This information is subject to change every three years based on the actuarial experience study.

Asset class ¹	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Large cap U.S. equity	23.00%	5.42%
Small cap U.S. equity	6.00%	6.21%
Developed international equity	17.00%	6.50%
Emerging markets equity	7.00%	8.80%
US core fixed income	22.00%	1.13%
TIPS	5.00%	0.87%
Real estate	5.00%	4.57%
Value added real estate	5.00%	8.10%
Private credit	5.00%	5.60%
Private equity	5.00%	9.40%
	100.00%	

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Pension (Continued)

B. Net Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate

The discount rate used to measure the Total Pension Liability (TPL) was 7.00% as of the June 30, 2022 measurement date. For plan member contributions, the projection of cash flows used to determine the discount rate assumed employee contributions will be made at the current contribution rates and that the contributions will be made at rates equal to the actuarially determined contribution rates. For employer contributions, the projection of cash flow used to determine the discount rate assumed employer contributions will be made at rates equal to the actuarially determined contribution rates.

For this purpose, only employee and employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, the Pension Plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the TPL as part of the June 30, 2022 measurement date.

Sensitivity of the Commission’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission’s share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

Plan's Aggregate Net Pension Liability/(Asset)		
Discount Rate - 1%	Current Discount	Discount Rate + 1%
(6.00%)	Rate (7.00%)	(8.00%)
\$ 2,175,196	\$ 717,737	\$ 175,546

Pension Plan Fiduciary Net Position

Detail information about the plan’s fiduciary net position is available in the separately issued ICERS financial report and can be obtained from the County of Imperial’s website under Documents.

Proportionate Share of Net Pension Liability and Pension Expense

At June 30, 2023, the Commission reported a liability of \$717,737 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Commission’s proportion of the net pension liability was based on the projection of the long-term share of contributions to the pension plan related to the projected contributions of all pension plan participants, actuarially determined. At the June 30, 2022 measurement date, the Commission’s proportionate share of net pension liability was 0.638%. This is a 0.76% decrease from the previous year.

For the year ended June 30, 2023, the Commission recognized pension expense of \$178,146. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Pension (Continued)

B. Net Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool for the measurement period ended June 30, 2022.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool on the valuation date (June 30, 2021). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date. Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2022 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2021-2022).
- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan’s share of the actuarial accrued liability. FNP is allocated based on the rate plan’s share of the market value assets.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the measurement date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the measurement date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocated based on the Commission’s share of contributions during measurement period.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (“EARSLS”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSLS for risk pool for 2021-2022 measurement period is 6.57 years, which was obtained by dividing the total service years (the sum of the remaining service lifetimes of the active employees) by the total number of participants: active, inactive, and retired.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Pension (Continued)

B. Net Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution after measurement date	\$ 126,141	\$ -
Difference between expected and actual experience	16,859	(91,885)
Changes of assumptions	169,095	-
Net difference between projected and actual earning on pension plan investments	175,290	-
Adjustment due to differences in proportions	101,620	(21,600)
Total	\$ 589,005	\$ (113,485)

\$126,141 reported as deferred outflows of resources related to pensions resulting from the Commission’s contributions made subsequent to the measurement date will be recognized as a reduction of the collective net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2023	\$ 77,639
2024	77,639
2025	77,639
2026	77,639
2027	38,823
Thereafter	-
	\$ 349,379

At June 20, 2023, the Commission did not owe anything to the Plan.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Disbursements to Local Agencies

The Local Transportation Fund (LTF) accounts for the one-quarter percent state sales tax collected within the County. The funds can be used for various programs, including administration, planning and programming for the Transportation Development Act (TDA), bicycle and pedestrian projects, commuter rail, streets and rail, and transit operations. The Commission’s governing board approves an annual allocation which includes funding for local agencies to spend in accordance with TDA guidelines. During the fiscal year ended June 30, 2023, the Commission allocated \$169,333 of LTF funds to local agencies as shown below.

<u>Local Agency</u>	<u>Bicycles and Pedestrians</u>	<u>Benches and Shelters</u>	<u>Total</u>
City of El Centro	\$ 89,029	\$ 37,655	\$ 126,684
County of Imperial	29,341	13,308	42,649
Total allocations	<u>\$ 118,370</u>	<u>\$ 50,963</u>	<u>\$ 169,333</u>

Note 10 – Risk Management

the Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. These risks are covered by third-party commercial insurance. There have been no reductions in insurance coverage as compared to the previous year, and for the past fiscal year, no settlement amounts have occurred.

The Commission’s purchased commercial insurance coverage is as follows:

<u>Insurance</u>	<u>Amount</u>
Personal injury	\$ 2,000,000
Public officials errors and omissions	2,000,000
Products/completed operations	2,000,000
Employment practices	2,000,000
Crime	1,000,000
Property	25,000,000
Workers' compensation	1,000,000

Note 11 – Commitments and Contingencies

A. Litigation

The Commission is a defendant in various lawsuits which arise under the normal course of the operations. In the opinion of Commission Counsel and management, such claims against the Commission not covered by insurance would not materially affect the financial statements of the Commission.

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Commitments and Contingencies (Continued)

B. Grants

The Commission recognizes as revenues, grant monies received as reimbursement for costs incurred in certain federal and state programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Commission expects such amounts, if any, to be immaterial.

C. Commitments

As of June 30, 2023, the Commission did not have significant outstanding commitments.

Note 12 – Net Position and Fund Balance

A. Net Investment in Capital Assets

At June 30, 2023, the net investment in capital assets category of net position consisted of the following:

	Governmental Activities	Business-Type Activities
Net investment in capital assets:		
Capital assets, depreciable/amortizable, net	\$ -	\$ 3,860,260
Total net investment in capital assets	\$ -	\$ 3,860,260

B. Fund Balance Classifications

The following table shows the classification of the Commission’s fund balances as of June 30, 2023:

Fund Balance Category	Transportation Development Act Fund	State Transit Assistance Fund	Prop 1B Fund	Regional Planning and Programs Fund	Regional Collaborations Fund	SAFE Fund	Total
Restricted:							
Transportation projects	\$ 16,875,371	\$ 5,074,760	\$ 32	\$ -	\$ 10,713	\$ 1,574,188	\$ 23,535,064
Total restricted	16,875,371	5,074,760	32	-	10,713	1,574,188	23,535,064
Unassigned (deficit)	-	-	-	(58,946)	-	-	(58,946)
Total fund balances	\$ 16,875,371	\$ 5,074,760	\$ 32	\$ (58,946)	\$ 10,713	\$ 1,574,188	\$ 23,476,118

Imperial County Transportation Commission
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 13 – Other Required Disclosures

A. Expenditures Exceeding Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the following funds:

Fund	Function	Excess Expenditures
State Transit Assistance Fund	TDA disbursements	\$ 123,308
State of Good Repair	Professional services	89,930
Regional Collaborations Fund	General and administrative	31

B. Deficit Fund Balances

The Regional Planning and Programs Special Revenue Fund had a deficit fund balance of \$(58,946) as of June 30, 2023. The Commission plans on alleviating this deficit through future revenues exceeding expenditures.

Note 14 – Prior Period Adjustments

Beginning net position/fund balance has been restated on the government-wide Statement of Activities as follows:

	Governmental Activities	Business-Type Activities
Beginning of year, as previously reported fund balance/net position	\$ 19,012,119	\$ 30,160,649
Adjustments:		
To record TDA received	973,308	-
To record LTA matching funds	1,026,034	-
To correct payroll accrual	(425)	-
To correct deposit	-	260,000
total adjustments	1,998,917	260,000
Beginning of year, as restated fund balance/net position	<u>\$ 21,011,036</u>	<u>\$ 30,420,649</u>

Beginning net position/fund balance has been restated on the fund financial statements as follows:

	Governmental Funds				Enterprise Fund
	Transportation Development Act Fund	Regional Planning and Programs Fund	Regional Collaborations Fund	SAFE Fund	Transit Planning and Programs Management Fund
Fund balance/net position July 1, 2022, as previously reported	\$ 14,814,548	\$ (24,766)	\$ 26	\$ 1,476,064	\$ 30,160,649
Adjustments:					
To record TDA received	973,308	-	-	-	-
To record LTA matching funds	-	1,026,034	-	-	-
To correct payroll accrual	-	-	(1,012)	587	-
To correct deposit	-	-	-	-	260,000
total adjustments	973,308	1,026,034	(1,012)	587	260,000
Fund balance/net position July 1, 2022 as restated	<u>\$ 15,787,856</u>	<u>\$ 1,001,268</u>	<u>\$ (986)</u>	<u>\$ 1,476,651</u>	<u>\$ 30,420,649</u>

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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Imperial County Transportation Commission
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Transportation Development Act Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
TDA sales taxes	\$ 13,711,778	\$ 13,711,778	\$ 9,137,065	\$ (4,574,713)
Investment income	-	-	865,478	865,478
Total revenues	<u>13,711,778</u>	<u>13,711,778</u>	<u>10,002,543</u>	<u>(3,709,235)</u>
Expenditures:				
Current:				
TDA disbursements	6,081,482	6,081,482	5,695,135	386,347
Total expenditures	<u>6,081,482</u>	<u>6,081,482</u>	<u>5,695,135</u>	<u>386,347</u>
Excess of revenues over (under) expenditures	<u>7,630,296</u>	<u>7,630,296</u>	<u>4,307,408</u>	<u>(3,322,888)</u>
Other Financing Sources:				
Transfers out	(7,630,296)	(7,630,296)	(3,219,893)	4,410,403
Total other financing sources	<u>(7,630,296)</u>	<u>(7,630,296)</u>	<u>(3,219,893)</u>	<u>4,410,403</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,087,515</u>	<u>\$ 1,087,515</u>
Fund balance:				
Beginning of year			<u>15,787,856</u>	
End of year			<u>\$ 16,875,371</u>	

Imperial County Transportation Commission
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - State Transit Assistance Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State allocations	\$ 1,734,336	\$ 1,734,336	\$ 3,276,811	\$ 1,542,475
Investment income	-	-	77,008	77,008
Total revenues	<u>1,734,336</u>	<u>1,734,336</u>	<u>3,353,819</u>	<u>1,619,483</u>
Expenditures:				
Current:				
TDA disbursements	1,016,731	1,016,731	1,140,039	(123,308)
Total expenditures	<u>1,016,731</u>	<u>1,016,731</u>	<u>1,140,039</u>	<u>(123,308)</u>
Excess of revenues over (under) expenditures	<u>717,605</u>	<u>717,605</u>	<u>2,213,780</u>	<u>1,496,175</u>
Other Financing Sources:				
Transfers out	(717,605)	(717,605)	-	717,605
Total other financing sources	<u>(717,605)</u>	<u>(717,605)</u>	<u>-</u>	<u>717,605</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,213,780</u>	<u>\$ 2,213,780</u>
Fund balance:				
Beginning of year			2,860,980	
End of year			<u>\$ 5,074,760</u>	

Imperial County Transportation Commission
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Prop 1B Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State allocations	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Excess of revenues over (under) expenditures	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Other Financing Sources:				
Transfers out	(500,000)	(500,000)	-	500,000
Total other financing sources	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance:				
Beginning of year			<u>32</u>	
End of year			<u>\$ 32</u>	

Imperial County Transportation Commission
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - State of Good Repair Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State allocations	\$ 957,789	\$ 957,789	\$ 89,930	\$ (867,859)
Total revenues	<u>957,789</u>	<u>957,789</u>	<u>89,930</u>	<u>(867,859)</u>
Expenditures:				
Current:				
Professional services	-	-	89,930	(89,930)
Total expenditures	<u>-</u>	<u>-</u>	<u>89,930</u>	<u>(89,930)</u>
Excess of revenues over (under) expenditures	<u>957,789</u>	<u>957,789</u>	<u>-</u>	<u>(957,789)</u>
Other Financing Sources:				
Transfers out	(957,789)	(957,789)	-	957,789
Total other financing sources	<u>(957,789)</u>	<u>(957,789)</u>	<u>-</u>	<u>957,789</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year			-	
End of year			<u>\$ -</u>	

Imperial County Transportation Commission
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Regional Planning and Programs Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State allocations	\$ 6,844,903	\$ 6,844,903	\$ 277,280	\$ (6,567,623)
Federal allocations	13,481,221	13,481,221	6,525,055	(6,956,166)
Local Transportation Agency income	1,023,701	1,023,701	-	(1,023,701)
Investment income	270,069	270,069	86,730	(183,339)
Membership revenues	100,000	100,000	95,750	(4,250)
Other revenues	14,627	14,627	6,748	(7,879)
Total revenues	<u>21,734,521</u>	<u>21,734,521</u>	<u>6,991,563</u>	<u>(14,742,958)</u>
Expenditures:				
Current:				
General and administrative	21,400,023	21,400,023	7,787,575	13,612,448
Professional services	334,498	334,498	264,202	70,296
Total expenditures	<u>21,734,521</u>	<u>21,734,521</u>	<u>8,051,777</u>	<u>13,682,744</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1,060,214)</u>	<u>(1,060,214)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,060,214)</u>	<u>\$ (1,060,214)</u>
Fund balance (deficit):				
Beginning of year			<u>1,001,268</u>	
End of year			<u>\$ (58,946)</u>	

Imperial County Transportation Commission
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Regional Collaborations Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State allocations	\$ 340,631	\$ 340,631	\$ 151,871	\$ (188,760)
Federal allocations	48,256	48,256	50,592	2,336
Investment income	-	-	244	244
Total revenues	<u>388,887</u>	<u>388,887</u>	<u>202,707</u>	<u>(186,180)</u>
Expenditures:				
Current:				
General and administrative	-	-	31	(31)
Professional services	388,887	388,887	190,977	197,910
Total expenditures	<u>388,887</u>	<u>388,887</u>	<u>191,008</u>	<u>197,879</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	11,699	<u>\$ 11,699</u>
Fund balance (deficit):				
Beginning of year			(986)	
End of year			<u>\$ 10,713</u>	

**Imperial County Transportation Commission
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - SAFE Fund
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State allocations	\$ 185,000	\$ 185,000	\$ 210,200	\$ 25,200
Investment income	10,000	10,000	34,584	24,584
Total revenues	<u>195,000</u>	<u>195,000</u>	<u>244,784</u>	<u>49,784</u>
Expenditures:				
Current:				
General and administrative	45,265	45,265	35,544	9,721
Professional services	149,735	149,735	111,703	38,032
Total expenditures	<u>195,000</u>	<u>195,000</u>	<u>147,247</u>	<u>47,753</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	97,537	<u>\$ 97,537</u>
Fund balance:				
Beginning of year			<u>1,476,651</u>	
End of year			<u>\$ 1,574,188</u>	

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Imperial County Transportation Commission
Required Supplementary Information
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2023

Budget and Budgetary Accounting

The Imperial County Transportation Commission ("Commission") establishes accounting control through formal adoption of an annual budget for all of its funds. The Overall Work Plan and Budget is developed by Commission staff and Executive Director and demonstrates a comprehensive agency-wide budget that conveys the work to be performed by the Commission. Staff has the ongoing responsibility to monitor actual revenues and expenditures. When it becomes necessary to modify the adopted budget, the amendment procedure will depend on the type of change that is needed. It is proposed that administrative changes that do not result in an increase in the overall program budget, but require line item transfers of costs and revenues within a work program budget, will only require approval of the Executive Director. Amendments that result in an increase to the total expenditures for a program would require Commission approval and will be presented to the Commission in a formal agenda item.

Imperial County Transportation Commission
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2023

Last Ten Fiscal Years¹

Imperial County Employees' Retirement System ("ICERS") Miscellaneous Plan

Fiscal Year Ended June 30, Measurement Date	2023 <u>June 30, 2022</u>	2022 <u>June 30, 2021</u>	2021 <u>June 30, 2020</u>	2020 <u>June 30, 2019</u>	2019 <u>June 30, 2018</u>
Proportion of the net pension liability	0.63800%	0.56200%	0.68200%	0.50200%	0.42200%
Proportionate share of the net pension liability	<u>\$ 717,737</u>	<u>\$ 60,788</u>	<u>\$ 937,450</u>	<u>\$ 613,149</u>	<u>\$ 588,681</u>
Covered payroll	<u>\$ 740,517</u>	<u>\$ 718,949</u>	<u>\$ 698,009</u>	<u>\$ 715,480</u>	<u>\$ 599,646</u>
Proportionate share of the net pension liability as percentage of covered payroll	<u>96.92%</u>	<u>8.46%</u>	<u>134.30%</u>	<u>85.70%</u>	<u>98.17%</u>
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	<u>92.80%</u>	<u>82.42%</u>	<u>81.98%</u>	<u>87.76%</u>	<u>86.20%</u>

¹ Historical information is presented only for measurement periods for which GASB 68 is implemented.

Imperial County Transportation Commission
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years¹

Imperial County Employees' Retirement System ("ICERS") Miscellaneous Plan

Fiscal Year Ended June 30, Measurement Date	2018 <u>June 30, 2017</u>	2017 <u>June 30, 2016</u>	2016 <u>June 30, 2015</u>	2015 <u>June 30, 2014</u>
Proportion of the net pension liability	0.40800%	0.36600%	0.35800%	0.34100%
Proportionate share of the net pension liability	<u>\$ 546,878</u>	<u>\$ 491,187</u>	<u>\$ 317,478</u>	<u>\$ 200,453</u>
Covered payroll	<u>\$ 542,755</u>	<u>\$ 483,874</u>	<u>\$ 452,450</u>	<u>\$ 431,290</u>
Proportionate share of the net pension liability as percentage of covered payroll	<u>100.76%</u>	<u>101.51%</u>	<u>70.17%</u>	<u>46.48%</u>
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	<u>85.31%</u>	<u>83.39%</u>	<u>89.78%</u>	<u>88.78%</u>

¹ Historical information is presented only for measurement periods for which GASB 68 is implemented.

Imperial County Transportation Commission
Required Supplementary Information (Unaudited)
Schedule of Pension Contributions
For the Year Ended June 30, 2023

Last Ten Fiscal Years¹

Imperial County Employees' Retirement System ("ICERS") Miscellaneous Plan

	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 126,141	\$ 141,167	\$ 152,886	\$ 145,001	\$ 101,098
Contributions in relation to the actuarially determined contributions	(126,141)	(141,167)	(152,886)	(145,001)	(101,098)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 740,517	\$ 718,949	\$ 698,009	\$ 698,009	\$ 715,480
Contributions as a percentage of covered payroll	17.03%	19.64%	21.90%	20.77%	14.13%

¹ Historical information is presented only for measurement periods for which GASB No. 68 is implemented.

Notes to Schedule:

Benefit Changes: There were no changes to the benefit terms.

Imperial County Transportation Commission
Required Supplementary Information (Unaudited)
Schedule of Pension Contributions (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years¹

Imperial County Employees' Retirement System ("ICERS") Miscellaneous Plan

	2018	2017	2016	2015
Actuarially determined contribution	\$ 92,719	\$ 85,263	\$ 80,762	\$ 71,167
Contributions in relation to the actuarially determined contributions	(92,719)	(85,263)	(80,762)	(71,167)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 599,646	\$ 542,755	\$ 483,874	\$ 452,450
Contributions as a percentage of covered payroll	15.46%	15.71%	16.69%	15.73%

Notes to Schedule:

Benefit Changes: There were no changes to the benefit terms.

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