

Imperial County Transportation Commission & First Transit, Inc.

IVT-RIDE Transit Service Report

For the Year Ended June 30, 2015

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANTS' REPORT	3 - 4
ACCOUNTANTS' COMMENTS	5 - 6
SUPPLEMENTAL INFORMATION	
Exhibit A – Internal Controls over Cash Handling Procedures	7
Exhibit B – Transit Vehicles in Custody of Service Provider	8
Exhibit C – Statement of Fixed Rate, Farebox Revenue and Net Subsidy – IVT-Ride – Brawley Service Line	9
Exhibit D – Statement of Fixed Rate, Farebox Revenue and Net Subsidy – IVT-Ride – Calexico Service Line	10
Exhibit E – Statement of Fixed Rate, Farebox Revenue and Net Subsidy – IVT-Ride – Imperial Service Line	11
Exhibit F – Statement of Fixed Rate, Farebox Revenue and Net Subsidy – IVT-Ride – West Shores Service Line	12
Exhibit G – Statement of Fixed Rate, Farebox Revenue and Net Subsidy – IVT-Ride – Combined Services	13



INDEPENDENT ACCOUNTANTS' REPORT

Imperial County Transportation Commission
1405 N. Imperial Avenue Suite 1
El Centro, California

We have performed the procedures enumerated below, which were agreed to by the Imperial County Transportation Commission's Management, solely to assist the specified party in evaluating the specific First Transit, Inc. IVT-Ride transit services contract items for the year ended June 30, 2015. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We reviewed the transit service contract, including contract modifications, between the Imperial County Transportation Commission and First Transit, Inc. for the provisions of specific transit services to be provided.
2. We reviewed documents provided by the Imperial County Transportation Commission and First Transit, Inc. to verify that expenditure and fare amounts reported to the Imperial County Transportation Commission Administration for the specific transit services were presented fairly and accurately. We found that First Transit, Inc. is in compliance with the contract terms and reporting properly as agreed per contract(s). See Exhibits C through G as references for this review.
3. We reviewed on a test basis fuel expenditures reported for all specific transit services provided and noted if these expenditures were in accordance to the fuel related terms included in the service contract. We found that First Transit, Inc. is in compliance with the contract terms and these expenditures are within budget and reported accordingly.
4. We reviewed First Transit's internal controls over cash handling procedures and tested their fare collection process and related activities. We found that the internal controls set by First Transit, Inc. are adequate based on established guidelines. See Exhibit A as reference for this review.
5. We reviewed that transit vehicles owned by the Imperial County Transportation Commission are utilized as part of the transit service assigned for, are maintained in a secure location and are serviced accordingly by First Transit, Inc. See Exhibit B as reference for this review.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Hutchinson and Bloodgood LLP

February 17, 2016

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
AND
FIRST TRANSIT, INC.
IVT-RIDE TRANSIT SERVICE PROGRAM
FOR YEAR ENDED JUNE 30, 2015**

ACCOUNTANTS' COMMENTS

PURPOSE

The purpose of this engagement pertaining to the service contract between the Imperial County Transportation Commission (ICTC) and First Transit, Inc. was to provide an independent assessment of compliance with certain contract requirements during the period July 1, 2014 through June 30, 2015, to assess the adequacy of First Transit Inc.'s internal controls over cash handling and reporting procedures and document the performance of our observation of the transit vehicles owned by ICTC under the custody of First Transit, Inc.

FARE REVENUES

The service contract for each of the services provided by First Transit, Inc. states that the farebox ratio of fare revenue divided by operating costs shall be maintained at or above ten percent (10.0%) for the Brawley, Calexico and Imperial IVT-Ride transit service line and five percent (5.0%) for the West Shores IVT-Ride transit service line.

For the IVT-Ride Brawley the actual farebox recovery ratio was over four percent (4.8%); (\$7,732 fare revenue divided by \$160,492 operating costs). See Exhibit C.

For the IVT-Ride Calexico the actual farebox recovery ratio was over six percent (6.7%); (\$21,309 fare revenue divided by \$318,986 operating costs). See Exhibit D.

For the IVT-Ride Imperial the actual farebox recovery ratio was over four percent (4.3%); (\$6,341 fare revenue divided by \$148,609 operating costs). See Exhibit E.

For the IVT-Ride West Shores the actual farebox recovery ratio was over two percent (2.5%); (\$1,348 fare revenue divided by \$54,034 operating costs). See Exhibit F.

For fiscal year ended June 30, 2015 the combined actual farebox ratio for all IVT-Ride transit services was over five percent (5.4%); (\$36,730 fare revenue divided by \$682,121 operating costs). See Exhibit G.

The farebox recovery ratio for all four IVT-Ride services was not met for this year.

ICTC SUBSIDY

The service contract, dated September 24, 2014, states that the compensation for the IVT-Ride Brawley service line for the period of January 1, 2015 through June 30, 2015 is identified as \$181,108 less the farebox of 10% for a net subsidy not to exceed \$162,997, with a marketing budget of \$9,055. Actual costs for the year reported to ICTC were \$152,387 in operational expense, and \$8,105 in marketing expenses for a combined total of \$160,492. See Exhibit C.

The service contract, dated September 24, 2014, states that the compensation for the IVT-Ride Calexico service line for the period of October 1, 2014 through June 30, 2015 is identified as \$325,527 less the farebox of 10% for a net subsidy not to exceed \$292,974, with a marketing budget of \$16,276. Actual costs for the year reported to ICTC were \$306,340 in operational expense, and \$12,646 in marketing expenses for a combined total of \$318,986. See Exhibit D.

The service contract, dated September 24, 2014, states that the compensation for the IVT-Ride Imperial service line for the period of October 1, 2014 through June 30, 2015 is identified as \$162,101 less the farebox of 10% for a net subsidy not to exceed \$145,891, with a marketing budget of \$8,105. Actual costs for the year reported to ICTC were \$144,382 in operational expense, and \$4,227 in marketing expenses for a combined total of \$148,609. See Exhibit E.

The service contract, dated September 24, 2014, states that the compensation for the IVT-Ride West Shores service line for the period of December 1, 2014 through June 30, 2015 is identified as \$54,619 less the farebox of 5% for a net subsidy not to exceed \$51,888, with a marketing budget of \$2,731. Actual costs for the year reported to ICTC were \$51,267 in operational expense, and \$2,766 in marketing expenses for a combined total of \$54,034. See Exhibit F.

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
AND
FIRST TRANSIT, INC.
IVT-RIDE TRANSIT SERVICE PROGRAM
INTERNAL CONTROLS OVER CASH HANDLING PROCEDURES
FOR YEAR ENDED JUNE 30, 2015**

OBJECTIVE

Review established internal control procedures over cash handling and perform a walkthrough observation of the fare collection cycle and related processes.

PROCEDURES

Reviewed First Transit, Inc. established guidelines over cash handling. Interviewed management and staff associated with the fare collection cycle. Observed cash count of total fares contained in farebox and confirmed amount collected with amount counted and amount reported.

OBSERVATIONS

It was noted that empty fareboxes are placed inside the transit vehicle under dual custody. Drivers observe that boarding passengers place money inside the farebox and keep a log of boarding passengers separated by fare type. At the end of the day, each full farebox is removed, also under dual custody, and locked inside the vault. All cash fares are counted the following day by two staff members in a locked room. Once cash is counted it is placed in sealed deposit bags and kept under key until ready to be deposited at the bank.

During the performance of this review it was noted that variances are generated when comparing the number of passengers to the projected fare they are required to pay. Some passengers do not have the correct fare and this results in most of them paying more than the required fare. Frequently it results in positive fare variances since the passengers that overpay is larger than those that underpay. It is recommended to perform a cost benefit analysis of upgrading fareboxes to those that can make change, accept only U.S. currency and are able to accept other forms of payment. Actual fares and not projected fares are those fares reported to the ICTC as fares received.

CONCLUSION

We found that the internal controls set by First Transit, Inc. are adequate based on established guidelines and that actual fares received are properly reported to the ICTC.

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
AND
FIRST TRANSIT, INC.
IVT-RIDE TRANSIT SERVICE PROGRAM
TRANSIT VEHICLES IN CUSTODY OF SERVICE PROVIDER
FOR YEAR ENDED JUNE 30, 2015**

OBJECTIVE

Review that transit vehicles property of the Imperial County Transportation Commission (ICTC) are used for the contracted IVT transit service as well as are maintained in a secure location when not in service, and are being serviced as scheduled.

PROCEDURES

Perform a site visit of the First Transit, Inc. Bus and Maintenance Yard located at 792 East Ross Road in the City of El Centro. Observed and evaluated the condition of every ICTC owned vehicle based on vehicle list provided by ICTC.

OBSERVATIONS

When not in operation the transit vehicles are maintained inside the fenced and gated bus yard. There is only one entrance and exit point and the gate is locked once all vehicles are in. There are several outdoor lights that light up the parked vehicles and around the Maintenance Shop. The Maintenance Shop has cameras inside as well as an alarm system that is activated by the last person to leave the Bus Yard and deactivated by the morning dispatcher. There were no cameras noted in the Bus Yard area. Each transit vehicle is equipped with several cameras outside and inside the vehicle and activated when in service.

Each transit vehicle was observed prior to the start of the service day. Each vehicle number and description was compared to the vehicle list provided by ICTC. Each vehicle was inspected inside and outside for any visible damage, farebox placement, and overall working condition. No issues were noted with the nine transit vehicles used for the IVT-Ride transit service.

Service files for each transit vehicle are maintained in an office inside the Maintenance Shop under the custody of the Maintenance Manager. They contain records of all maintenance and services performed to each transit vehicle.

CONCLUSION

It appears that First Transit, Inc. is properly maintaining the ICTC owned vehicles in a secure location and servicing them as scheduled or as required.

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
AND
FIRST TRANSIT, INC.
IVT-RIDE TRANSIT SERVICE PROGRAM
STATEMENT OF FIXED RATE, FAREBOX REVENUE AND NET SUBSIDY
JULY 1, 2014 THROUGH JUNE 30, 2015**

IVT Ride Brawley Service Line

<u>Date</u>	<u>Base Cost</u>	<u>Farebox</u>	<u>Net Subsidy</u>	<u>Fuel Escalator</u>	<u>Marketing</u>	<u>Net Cost and Total Paid to First Transit</u>
July, 2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
August, 2014	-	-	-	-	-	-
September, 2014	7,007	-	7,007	-	-	7,007
October, 2014	-	-	-	-	-	-
November, 2014	-	-	-	-	-	-
December, 2014	-	-	-	-	-	-
January, 2015	20,794	1,195	19,599	-	5,339	24,938
February, 2015	19,970	1,258	18,712	-	-	18,712
March, 2015	21,084	1,441	19,643	-	1,780	21,422
April, 2015	27,932	1,368	26,564	-	313	26,876
May, 2015	27,556	1,125	26,431	-	-	26,431
June, 2015	28,045	1,346	26,698	-	674	27,373
Total	\$ 152,387	\$ 7,732	\$ 144,655	\$ -	\$ 8,105	\$ 152,760

Contract Specifications

Paragraph 8.1.1.1

For Base Cost

and Base Subsidy

\$ 181,108	\$ 18,111	\$ 162,997
------------	-----------	------------

Over (Under) Contract

Requirements

\$ (28,721)	\$ (10,379)	\$ (18,342)
-------------	-------------	-------------

Farebox Ratio Actual

4.8%

Farebox Ratio Contract

10.0%

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
AND
FIRST TRANSIT, INC.
IVT-RIDE TRANSIT SERVICE PROGRAM
STATEMENT OF FIXED RATE, FAREBOX REVENUE AND NET SUBSIDY
JULY 1, 2014 THROUGH JUNE 30, 2015**

IVT Ride Calexico Service Line

Date	Base Cost	Farebox	Net Subsidy	Fuel Escalator	Marketing	Net Cost and Total Paid to First Transit
July, 2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
August, 2014	-	-	-	-	-	-
September, 2014	15,233	-	15,233	-	1,929	17,161
October, 2014	39,035	4,792	34,243	-	3,586	37,829
November, 2014	34,110	1,839	32,270	-	4,309	36,580
December, 2014	42,153	1,807	40,346	-	56	40,402
January, 2015	31,290	1,854	29,436	-	-	29,436
February, 2015	29,390	2,118	27,272	-	-	27,272
March, 2015	32,513	2,220	30,293	-	1,780	32,072
April, 2015	27,961	2,281	25,680	-	313	25,992
May, 2015	26,701	2,139	24,563	-	-	24,563
June, 2015	27,954	2,258	25,696	-	674	26,370
Total	\$ 306,340	\$ 21,309	\$ 285,031	\$ -	\$ 12,646	\$ 297,678

Contract Specifications
Paragraph 8.1.2.1
For Base Cost
and Base Subsidy

\$ 325,527 \$ 32,553 \$ 292,974

Over (Under) Contract
Requirements

\$ (19,187) \$ (11,244) \$ (7,943)

Farebox Ratio Actual 6.7%

Farebox Ratio Contract 10.0%

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
AND
FIRST TRANSIT, INC.
IVT-RIDE TRANSIT SERVICE PROGRAM
STATEMENT OF FIXED RATE, FAREBOX REVENUE AND NET SUBSIDY
JULY 1, 2014 THROUGH JUNE 30, 2015**

IVT Ride Imperial Service Line

Date	Base Cost	Farebox	Net Subsidy	Fuel Escalator	Marketing	Net Cost and Total Paid to First Transit
July, 2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
August, 2014	-	-	-	-	-	-
September, 2014	6,702	-	6,702	-	-	6,702
October, 2014	22,626	1,399	21,227	-	1,430	22,657
November, 2014	21,485	692	20,793	-	-	20,793
December, 2014	12,927	661	12,265	-	30	12,295
January, 2015	13,450	598	12,852	-	-	12,852
February, 2015	12,958	521	12,437	-	-	12,437
March, 2015	13,501	603	12,897	-	1,780	14,677
April, 2015	13,580	601	12,979	-	313	13,292
May, 2015	13,281	587	12,695	-	-	12,695
June, 2015	13,872	679	13,193	-	674	13,867
Total	\$ 144,382	\$ 6,341	\$ 138,041	\$ -	\$ 4,227	\$ 142,267

Contract Specifications

Paragraph 8.1.3.1

For Base Cost

and Base Subsidy

\$ 162,101	\$ 16,210	\$ 145,891
------------	-----------	------------

Over (Under) Contract

Requirements

\$ (17,719)	\$ (9,869)	\$ (7,850)
-------------	------------	------------

Farebox Ratio Actual

4.3%

Farebox Ratio Contract

10.0%

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
AND
FIRST TRANSIT, INC.
IVT-RIDE TRANSIT SERVICE PROGRAM
STATEMENT OF FIXED RATE, FAREBOX REVENUE AND NET SUBSIDY
JULY 1, 2014 THROUGH JUNE 30, 2015**

IVT Ride West Shores Service Line

Date	Base Cost	Farebox	Net Subsidy	Fuel Escalator	Marketing	Net Cost and Total Paid to First Transit
July, 2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
August, 2014	-	-	-	-	-	-
September, 2014	1,523	-	1,523	-	-	1,523
October, 2014	-	-	-	-	-	-
November, 2014	-	-	-	-	-	-
December, 2014	6,901	216	6,685	-	1,780	8,465
January, 2015	9,061	219	8,842	-	-	8,842
February, 2015	6,741	217	6,524	-	-	6,524
March, 2015	6,983	154	6,829	-	-	6,829
April, 2015	6,781	211	6,570	-	313	6,883
May, 2015	6,634	166	6,468	-	-	6,468
June, 2015	6,644	166	6,478	-	674	7,152
Total	\$ 51,267	\$ 1,348	\$ 49,919	\$ -	\$ 2,766	\$ 52,685

Contract Specifications
Paragraph 8.1.4.1
For Base Cost
and Base Subsidy

\$ 54,619 \$ 2,731 \$ 51,888

Over (Under) Contract
Requirements

\$ (3,352) \$ (1,383) \$ (1,969)

Farebox Ratio Actual

2.5%

Farebox Ratio Contract

5.0%

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
AND
FIRST TRANSIT, INC.
IVT-RIDE TRANSIT SERVICE PROGRAM
STATEMENT OF FIXED RATE, FAREBOX REVENUE AND NET SUBSIDY
JULY 1, 2014 THROUGH JUNE 30, 2015**

All IVT-Ride Combined Services						
Date	Base Cost	Farebox	Net Subsidy	Fuel Escalator	Marketing	Net Cost and Total Paid to First Transit
July, 2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
August, 2014	-	-	-	-	-	-
September, 2014	30,465	-	30,465	-	1,929	32,394
October, 2014	61,661	6,191	67,852	-	5,016	72,868
November, 2014	55,594	2,531	58,126	-	4,309	62,435
December, 2014	61,981	2,684	64,664	-	1,865	66,530
January, 2015	74,595	3,866	78,461	-	5,339	83,800
February, 2015	69,060	4,114	73,174	-	-	73,174
March, 2015	74,080	4,418	78,498	-	5,339	83,837
April, 2015	76,254	4,460	80,714	-	1,251	81,964
May, 2015	74,173	4,016	78,189	-	-	78,189
June, 2015	76,515	4,450	80,964	-	2,697	83,661
Total	\$ 654,377	\$ 36,730	\$ 691,107	\$ -	\$ 27,744	\$ 718,851
Combined Contract Specifications						
Base Cost and Base Subsidy	\$ 723,355	\$ 69,605	\$ 653,750			
Over (Under) Contract Requirements	<u>\$ (68,978)</u>	<u>\$ (32,874)</u>	<u>\$ 37,357</u>			
Operating Costs	<u>\$ 682,121</u>					
Farebox Ratio Actual	5.4%					