

IMPERIAL COUNTY TRANSPORTATION COMMISSION

Financial Report of the
Transportation Development Act Fund (TDA)
June 30, 2017 and 2016

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	3 - 4
FINANCIAL STATEMENTS	
Balance Sheets	5
Statements of Revenues, Expenditures and Changes in Fund Balance	6
Notes to Financial Statements	7 - 8
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	9 - 10
SUPPLEMENTARY INFORMATION	
Schedule of Allocations and Disbursements	12 - 13



INDEPENDENT AUDITORS' REPORT

To the Commission Board Members
County of Imperial, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act fund (TDA) of the Imperial County Transportation Commission as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Development Act fund (TDA) of the Imperial County Transportation Commission as of June 30, 2017 and 2016, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

As discussed in Note 2, the financial statements present only the Transportation Development Act fund (TDA) and are not intended to present fairly the financial position of the Imperial County Transportation Commission and the results of its operations in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2018 on our consideration of the Imperial County Transportation Commission Management's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, the Transportation Development Act (TDA) Statutes and California Codes of Regulation (CCR) and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Imperial County Transportation Commission's internal control over financial reporting and compliance.

Hutchinson and Bloodgood LLP

March 31, 2018

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**

Balance Sheets
June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and Investments	\$ 9,482,195	\$ 8,804,519
Accounts Receivable	195,097	28,253
Interest Receivable	<u>19,307</u>	<u>19,111</u>
Total Assets	<u>\$ 9,696,599</u>	<u>\$ 8,851,883</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ --	\$ 10,668
Total Liabilities	<u>--</u>	<u>10,668</u>
Fund Balance		
Fund Balance - Assigned	8,397,785	8,404,938
Fund Balance - Unassigned	<u>1,298,814</u>	<u>436,277</u>
Total Fund Balance	<u>9,696,599</u>	<u>8,841,215</u>
Total Liabilities and Fund Balance	<u>\$ 9,696,599</u>	<u>\$ 8,851,883</u>

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**

Statements of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2017 and 2016

	2017	2016
Revenues		
Transportation Development Act fund	\$ 6,092,290	\$ 6,767,577
Interest Pooled Money	<u>62,958</u>	<u>68,733</u>
Total Revenues	<u>6,155,248</u>	<u>6,836,310</u>
Expenditures		
City of Brawley	87,422	149,157
City of Calexico	--	--
City of Calipatria	13,773	37,166
City of El Centro	126,085	490,670
City of Holtville	16,330	29,411
City of Imperial	--	7,478
City of Westmorland	--	10,668
County of Imperial	47,528	43,903
IC Transportation Commission	<u>5,008,726</u>	<u>7,359,484</u>
Total Expenditures	<u>5,299,864</u>	<u>8,127,937</u>
Change in Fund Balance	855,384	(1,291,627)
Fund Balance Beginning, July 1	<u>8,841,215</u>	<u>10,132,842</u>
Fund Balance Ending, June 30	<u>\$ 9,696,599</u>	<u>\$ 8,841,215</u>

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**

Notes to Financial Statements
June 30, 2017 and 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entities

The operations of the Transportation Development Act fund (TDA) of the Imperial County Transportation Commission are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures.

The County's Auditor-Controller's office acts as a trustee for the funds received and disbursed. The revenues of the fund are derived from ¼ cent of the local general sales tax collected statewide. The State Board of Equalization returns the ¼ cent to each county according to the amount of the tax collected.

The County's Auditor-Controller, based upon allocation instructions received from the Imperial County Transportation Commission, makes disbursements from the TDA fund to the County of Imperial and the cities, located within the County for projects, which are eligible for TDA funds. The allocation instructions apportion the revenues received by the TDA fund among the eligible projects in the incorporated and unincorporated areas of the County and based on population.

Basis of Accounting

The TDA funds are accounted for in a special revenue fund using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues and expenditures are recognized as soon as they are both measurable and available.

Comparative Data

Comparative data for the prior year is presented in the accompanying financial statements in order to provide an understanding of changes in the funds' financial positions and operations.

Note 2. ANNUAL FINANCIAL STATEMENTS

The financial statements are intended to present the financial position, results of operations and compliance with the Transportation Development Act for only the Transportation Development Act fund (TDA) of the Imperial County Transportation Commission.

Note 3. CASH AND INVESTMENTS

Cash is pooled with other cash of the County to maximize investment opportunity and yields. Investment income resulting from this pooling is allocated to the respective funds, including the TDA fund, based upon monthly average cash balances. Information regarding categorization of investments and risk can be found in the County's financial statements. The financial statements for the County of Imperial may be obtained by contacting the Auditor-Controller's office in El Centro, CA.

Investments are stated at fair value in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**

Notes to Financial Statements
June 30, 2017 and 2016

Note 4. ACCOUNTS RECEIVABLE

During fiscal years ended June 30, 2017 and 2016 there was an amount of \$195,097 and \$28,253, respectively, to recognize the amounts owed from the STA fund which was used to provide paratransit services and from the City of Holtville, which was received the following fiscal year.

Note 5. ACCOUNTS PAYABLE

During fiscal year ended June 30, 2016 there was an amount of \$10,668 to recognize the amount owed to City of Westmorland for the year that was paid in the following fiscal year.

Note 6. FUND BALANCE

The TDA fund distributes funds according to the annual regional ICTC Overall Work Plan & Budget and in accordance with the annual disbursements schedule adopted each year by ICTC. Any monies allocated and assigned in the local transportation fund and not authorized for payment within three years after the date of allocation shall cease to be allocated or assigned and shall become and be treated as an unallocated apportionment retained in the fund in accordance with Section 6655.1. Also, allocations for benches and shades made in accordance with PUC Code Section 99400(e) do not carryover, and lapse if not claimed in the year allocated.

Out of the total fund balance for fiscal years 2016-17 and 2015-16 the amounts of \$8,397,785 and \$8,404,938 represent the reserve of the apportioned but unallocated TDA funds as of June 30, 2017 and June 30, 2016, respectively. The assigned funds are for claims that have been submitted by member entities that have not completed the requirements for disbursement as well as reserves for capital outlay and revenue stabilization, contingencies and operations.

Note 7. BUDGETED EXPENDITURES

The TDA distributes funds in accordance with the annual disbursements schedule and according to the annual regional ICTC Overall Work Plan & Budget adopted each year by ICTC. Any variance is due to cities not spending their current year's budgeted appropriations or spending prior year's appropriations in the current year.

Note 8. SUBSEQUENT EVENTS

Management has evaluated its June 30, 2017 and 2016, financial statements for subsequent events through March 31, 2018, the date of issuance of the financial statements. The Commission is not aware of any subsequent events that would require recognition or disclosure in the financial statements.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITORS' REPORT

To the Commission Board Members
County of Imperial, California

We have audited, in accordance with the 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, the financial statements of the Transportation Development Act fund (TDA) of the Imperial County Transportation Commission as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Transportation Development Act fund (TDA) of the Imperial County Transportation Commission's financial statements, and have issued our report thereon dated March 31, 2018.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Imperial County Transportation Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Imperial County Transportation Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Imperial County Transportation Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Transportation Development Act fund (TDA) of the Imperial County Transportation Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, the Transportation Development Act (TDA) Statutes and the California Code of Regulation Section 6661, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Imperial County Transportation Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Imperial County Transportation Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hutchinson and Bloodgood LLP

March 31, 2018

SUPPLEMENTARY INFORMATION

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**

Schedule of Allocations and Disbursements
For the Fiscal Year Ended June 30, 2017

ALLOCATIONS	PUC Section	Budget	Actual	Variance Favorable (Unfavorable)
<u>City of Brawley</u>				
Bicycles	99233.3	\$ 26,245	\$ 26,245	\$ --
Benches and Shades	99400(e)	<u>61,177</u>	<u>61,177</u>	<u>--</u>
Total		<u>87,422</u>	<u>87,422</u>	<u>--</u>
<u>City of Calexico</u>				
Bicycles	99233.3	34,689	--	34,689
Benches and Shades	99400(e)	<u>41,988</u>	<u>--</u>	<u>41,988</u>
Total		<u>76,677</u>	<u>--</u>	<u>76,677</u>
<u>City of Calipatria</u>				
Bicycles	99233.3	12,235	12,235	--
Benches and Shades	99400(e)	<u>1,538</u>	<u>1,538</u>	<u>--</u>
Total		<u>13,773</u>	<u>13,773</u>	<u>--</u>
<u>City of El Centro</u>				
Bicycles	99233.3	37,300	37,300	--
Benches and Shades	99400(e)	<u>88,785</u>	<u>88,785</u>	<u>--</u>
Total		<u>126,085</u>	<u>126,085</u>	<u>--</u>
<u>City of Holtville</u>				
Bicycles	99233.3	13,750	13,750	--
Benches and Shades	99400(e)	<u>2,580</u>	<u>2,580</u>	<u>--</u>
Total		<u>16,330</u>	<u>16,330</u>	<u>--</u>
<u>City of Imperial</u>				
Bicycles	99233.3	21,162	--	21,162
Benches and Shades	99400(e)	<u>7,680</u>	<u>--</u>	<u>7,680</u>
Total		<u>28,842</u>	<u>--</u>	<u>28,842</u>

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**

Schedule of Allocations and Disbursements
For the Fiscal Year Ended June 30, 2017

<u>ALLOCATIONS</u>	<u>PUC Section</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>City of Westmorland</u>				
Bicycles	99233.3	11,389	--	11,389
Benches and Shades	99400(e)	<u>955</u>	<u>--</u>	<u>955</u>
Total		<u>12,344</u>	<u>--</u>	<u>12,344</u>
<u>County of Imperial</u>				
Bicycles	99233.3	32,230	32,232	(2)
Benches and Shades	99400(e)	<u>15,296</u>	<u>15,296</u>	<u>--</u>
Total		<u>47,526</u>	<u>47,528</u>	<u>(2)</u>
<u>IC Transportation Commission</u>				
SB 325 - IVT-RIDE	99400(c)	1,293,117	1,293,117	--
SB 325 - County Wide Transit	99400(c)	1,938,101	1,938,101	--
SB 325 - MEDTRANS	99400(c)	117,533	117,533	--
SB 325 - ACCESS	99400(c)	37,635	37,635	--
SB 325 - Quechan Tribe/YCAT	99400(c)	138,710	138,710	--
SB 325 - Benches & Shelters	99400(e)	91,760	91,760	--
SB 325 - ICTC Admin	92233.1	792,870	792,870	--
SB 325 - ICTC Planning	99400(a)	<u>599,000</u>	<u>599,000</u>	<u>--</u>
Total		<u>5,008,726</u>	<u>5,008,726</u>	<u>--</u>
Grand Total		<u>\$ 5,417,725</u>	<u>\$ 5,299,864</u>	<u>\$ 117,861</u>