

**IMPERIAL COUNTY  
TRANSPORTATION COMMISSION**

**Financial Report of the Regional Collaboration Fund  
June 30, 2018**

**IMPERIAL COUNTY TRANSPORTATION COMMISSION**

**Financial Report of the Regional Collaboration Fund  
June 30, 2018**

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**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

To the Commission Board Members  
County of Imperial, California

### Report on the Financial Statements

We have audited the accompanying combined financial statements of the Regional Collaboration Fund of the Imperial County Transportation Commission as of and for the year ended June 30, 2018, 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the Guidelines on Auditing for Conformance, published by the Imperial Valley Association of Governments 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 polices used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Regional Collaboration Fund of the Imperial County Transportation Commission as of June 30, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Regional Collaboration Fund and do not purport to, and do not, present fairly the financial position of Imperial County Transportation Commission as of June 30, 2018, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

We have also issued a report dated July 2, 2019 on our consideration of the Regional Collaboration Fund's compliance over financial reporting based on an audit performed in accordance with statutes, rules and regulations of the California Development Act and the allocation instructions and resolutions of the Transportation Commission. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion 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 as it relates to the Regional Collaboration Fund.



San Diego, California  
July 2, 2019

**IMPERIAL COUNTY TRANSPORTATION COMMISSION  
REGIONAL COLLABORATION FUND**

**GOVERNMENTAL FUND BALANCE SHEET  
JUNE 30, 2018**

**ASSETS**

Cash and Investments	\$ 7,712
Interest Receivable	<u>9</u>
Total Assets	<u><u>\$ 7,721</u></u>

**LIABILITIES AND FUND BALANCE**

Liabilities	
Accounts Payable	\$ 3,781
Fund Balance	
Restricted	<u>3,940</u>
Total Liabilities and Fund Balance	<u><u>\$ 7,721</u></u>

The Notes to the Financial Statements are an integral part of these statements.

**IMPERIAL COUNTY TRANSPORTATION COMMISSION  
REGIONAL COLLABORATION FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Revenues

Regional Collaboration Funds	\$ 27,474
Interest Income	26
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Total Revenues	27,500
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Expenditures

General & Admin	394
Professional Services	23,166
	<hr/>
Total Expenditures	23,560
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Change in Fund Balance 3,940

Fund Balance Beginning, July 1 

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Fund balance Ending, June 30 

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\$ 3,940

**IMPERIAL COUNTY TRANSPORTATION COMMISSION  
REGIONAL COLLABORATION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Financial Reporting Entity***

The Regional Collaboration Fund of the Imperial County Transportation Commission was created for the purpose of tracking activities of joint projects with other agencies in the region.

The financial statements are intended to reflect the financial position and changes in financial position of the Regional Collaboration Fund of ICTC only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of ICTC, as of June 30, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***B. Basis of Accounting***

*Governmental Fund Financial Statements*

*Fund Accounting*

The accounts of ICTC are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. ICTC accounts for the Regional Collaboration activities within a Special Revenue Fund.

Special revenue funds are used to account for the proceeds of revenue sources that are restricted or committed to expenditure for specified purposes.

*Measurement Focus and Basis of Accounting*

The special revenue funds of ICTC are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current resources.

***C. Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**IMPERIAL COUNTY TRANSPORTATION COMMISSION  
REGIONAL COLLABORATION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***D. Fund Balances***

Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the ICTC considers restricted funds to have been spent first.

***E. Cash and Investments***

The County of Imperial's Auditor-Controller's 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 including the Regional Collaboration Fund's average cash balance. The investment policies and the risks related to cash and investments, applicable to the Regional Collaboration Fund, 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.

The Regional Collaboration Fund's cash and investments are reported at fair value. The fair value measurements are based on the 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 markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The STAF's deposits and withdrawals in the County Investment Pool are made on the basis of \$1 and not fair value. Accordingly, the Regional Collaboration Fund's investment in the County Investment Pool is measured based on uncategorized inputs not defined as Level 1, Level 2, or Level 3.

**NOTE 2 – REGIONAL COLLABORATION REVENUE SOURCES**

As it pertains to the brownsfield projects the funds will be used for:

Project management and planning, completion of Environmental Site Assessments (Phase 1 and Phase 2) for various eligible properties in the city of Brawley, cleanup and reuse planning, community outreach and completion of required reporting associated with the grant.

As it pertains to the Broadband grant the funds will be used for:

Project management and planning, identification of regions where broadband services are not available or have limited availability, community outreach and coordination with area stakeholders, coordination with internet service providers, development and review of reasonable avenues for broadband delivery, preparation of mapping documentation as required and required reporting associated with the grant.



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

To the Commission Board Members  
County of Imperial, California

We have audited, 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 Regional Collaboration fund of the Imperial County Transportation Commission as of and for the year ended June 30, 2018, and the related notes to the combined financial statements, which collectively comprise the Regional Collaboration Fund of the Imperial County Transportation Commission's financial statements, and have issued our report thereon dated July 2, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audits of the combined 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 combined 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 combined 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 Regional Collaboration Fund of the Imperial County Transportation Commission's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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.



San Diego, California

July 2, 2019