

Imperial County Transportation Commission

Financial Report of the
Transportation Development Act Fund (TDA)
June 30, 2014 and 2013

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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 financial statements of the Transportation Development Act fund (TDA) of the Imperial County Transportation Commission as of and for the years ended June 30, 2014 and 2013, and the related notes to the 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.

Auditor's Responsibility

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

An audit 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 risk 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 opinion.

Opinion

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, 2014 and 2013, and the 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 audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of allocations and disbursements listed as supplementary information in the table of contents has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 29, 2015 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Hutchinson and Bloodgood LLP

January 29, 2015

IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)
 Balance Sheets
 June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and Investments	\$ 11,083,484	\$ 7,549,535
Accounts Receivable	404,037	--
Interest Receivable	<u>10,242</u>	<u>8,687</u>
Total Assets	<u>\$ 11,497,763</u>	<u>\$ 7,558,222</u>
FUND BALANCE		
Fund Balance		
Fund Balance - Unassigned	\$ 6,255,591	\$ 7,119,311
Fund Balance - Assigned	<u>5,242,172</u>	<u>438,911</u>
Total Fund Balance	<u>\$ 11,497,763</u>	<u>\$ 7,558,222</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, 2014 and 2013

	2014	2013
Revenues		
Transportation Development Act fund	\$ 8,574,727	\$ 6,792,830
Interest Pooled Money	<u>44,189</u>	<u>31,165</u>
Total revenues	<u>8,618,916</u>	<u>6,823,995</u>
Expenditures		
City of Brawley	218,902	443,883
City of Calexico	766,709	--
City of Calipatria	12,385	--
City of El Centro	443,130	435,737
City of Holtville	--	23,641
City of Imperial	21,567	117,318
City of Westmorland	10,690	--
County of Imperial	34,042	31,827
IC Transportation Commission	<u>3,171,950</u>	<u>2,740,932</u>
Total expenditures	<u>4,679,375</u>	<u>3,793,338</u>
Change in fund balance	3,939,541	3,030,657
Fund balance beginning, July 1	<u>7,558,222</u>	<u>4,527,565</u>
Fund balance ending, June 30	<u>\$ 11,497,763</u>	<u>\$ 7,558,222</u>

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

Notes to the Financial Statements
June 30, 2014 and 2013

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 the Financial Statements
June 30, 2014 and 2013

Note 4. ACCOUNTS RECEIVABLE

During fiscal year ended June 30, 2014 there was an amount of \$404,037 to recognize the amount owed from the STA fund which was used to provide paratransit services.

Note 5. 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 2013-14 and 2012-13 the amounts of \$5,242,172 and \$438,911 represent the reserve of the apportioned but unallocated TDA funds as of June 30, 2014 and June 30, 2013, 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 6. 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 7. SUBSEQUENT EVENTS

Management has evaluated its June 30, 2014 and 2013, financial statements for subsequent events through January 29, 2015, 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, 2014, 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 January 29, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Imperial County Transportation Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Imperial County Transportation Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Imperial County Transportation Commission's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit 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 of 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

January 29, 2015

SUPPLEMENTARY INFORMATION

IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)
Schedule of Allocations and Disbursements
For the Fiscal Year Ended June 30, 2014

<u>ALLOCATIONS</u>	<u>PUC Section</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>City of Brawley</u>				
Bicycles	99233.3	\$ 20,960	\$ 20,960	\$ --
Transit	99400(c)	185,435	185,435	--
Benches and Shades	99400(e)	<u>12,507</u>	<u>12,507</u>	--
Total		<u>218,902</u>	<u>218,902</u>	--
<u>City of Calexico</u>				
Bicycles	99233.3	27,205	51,567	(24,362)
Transit	99400(c)	344,533	691,586	(347,053)
Benches and Shades	99400(e)	<u>16,784</u>	<u>23,556</u>	<u>(6,772)</u>
Total		<u>388,522</u>	<u>766,709</u>	<u>(378,187)</u>
<u>City of Calipatria</u>				
Bicycles	99233.3	11,563	11,314	249
Benches and Shades	99400(e)	<u>1,071</u>	<u>1,071</u>	--
Total		<u>12,634</u>	<u>12,385</u>	<u>249</u>
<u>City of El Centro</u>				
Bicycles	99233.3	28,533	28,533	--
Transit	99400(c)	394,403	394,403	--
Benches and Shades	99400(e)	<u>20,194</u>	<u>20,194</u>	--
Total		<u>443,130</u>	<u>443,130</u>	--
<u>City of Holtville</u>				
Bicycles	99233.3	12,620	--	12,620
Benches and Shades	99400(e)	<u>1,795</u>	--	<u>1,795</u>
Total		<u>14,415</u>	--	<u>14,415</u>
<u>City of Imperial</u>				
Bicycles	99233.3	16,865	16,865	--
Transit	99400(c)	92,611	--	92,611
Benches and Shades	99400(e)	<u>4,702</u>	<u>4,702</u>	--
Total		<u>114,178</u>	<u>21,567</u>	<u>92,611</u>

IMPERIAL COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)
Schedule of Allocations and Disbursements
For the Fiscal Year Ended June 30, 2014

<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	10,984	10,690	294
Benches and Shades	99400(e)	<u>674</u>	<u>--</u>	<u>674</u>
Total		<u>11,658</u>	<u>10,690</u>	<u>968</u>
<u>County of Imperial</u>				
Bicycles	99233.3	24,269	24,269	--
Benches and Shades	99400(e)	<u>9,773</u>	<u>9,773</u>	<u>--</u>
Total		<u>34,042</u>	<u>34,042</u>	<u>--</u>
<u>IC Transportation Commission</u>				
SB 325 -County Wide Transit	99400(c)	2,056,322	2,056,322	--
SB 325 - Med Express	99400(c)	174,589	174,589	--
SB 325 - ADA	99400(c)	53,739	53,739	--
SB 325 - ICTC Admin	92233.1	577,850	577,850	--
SB 325 - ICTC Planning	99400(a)	<u>309,450</u>	<u>309,450</u>	<u>--</u>
Total		<u>3,171,950</u>	<u>3,171,950</u>	<u>--</u>
Grand Total		<u>\$ 4,409,431</u>	<u>\$ 4,679,375</u>	<u>\$ (269,944)</u>