

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
FINANCIAL REPORT OF THE
SB 325 FUND**

June 30, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

To the Commission Board Members
County of Imperial

We have audited the accompanying financial statements of the Imperial County Transportation Commission SB 325 Funds for Article 3, Article 8(a), Article 8(c), and Article 8(e) , a single fund of the Imperial County Transportation Commission as of June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Imperial County Transportation Commission's management. 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 *Guidelines on Auditing for Conformance*, originally published by the Imperial Valley Association of Governments. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the financial statements present only the SB 325 Funds for Article 3, Article 8(a), Article 8(c), and Article 8(e), and are not intended to present fairly the financial position of the Imperial County Transportation Commission, and the results of its operations and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SB 325 Funds for Article 3, Article 8(a), Article 8(c), and Article 8(e) of the Imperial County Transportation Commission as of June 30, 2011 and 2010, and the results of its operations and the cash flow of its proprietary fund types for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In connection with our examination, we also performed, to the extent applicable, the seventeen tasks in *Guidelines on Auditing Conformance* originally published by the Imperial Valley Association of Governments. 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 non compliance that are required to be reported under *Guidelines on Auditing for Conformance*.

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

Hutchinson and Bloodgood LLP

June 22, 2012

IMPERIAL COUNTY TRANSPORTATION COMMISSION
SB 325 FUND

BALANCE SHEETS
ARTICLE 3
PERTAINING TO SECTION 99234 OF THE PUBLIC UTILITIES CODE
June 30, 2011 and 2010

	2011	2010
Cash and investments	\$ <u>1,739</u>	\$ <u>1,739</u>
Total assets	\$ <u>1,739</u>	\$ <u>1,739</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>--</u>	\$ <u>--</u>
Total liabilities	<u>--</u>	<u>--</u>
Fund balance		
Fund balance - reserved	<u>1,739</u>	<u>1,739</u>
Total fund balance	<u>1,739</u>	<u>1,739</u>
Total liabilities and fund balance	\$ <u>1,739</u>	\$ <u>1,739</u>

See accompanying notes and independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
SB 325 FUND**

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ARTICLE 3
PERTAINING TO SECTION 99234 OF THE PUBLIC UTILITIES CODE
For the Years Ended June 30, 2011 and 2010**

	2011			2010		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues						
Intergovernmental:						
SB 325 Article 3	\$ 19,569	\$ 19,569	\$ --	\$ 28,095	\$ 28,095	\$ --
Total revenues	<u>19,569</u>	<u>19,569</u>	<u>--</u>	<u>28,095</u>	<u>28,095</u>	<u>--</u>
Expenditures						
Maintenance	<u>19,569</u>	<u>19,569</u>	<u>--</u>	<u>28,095</u>	<u>55,860</u>	<u>(27,765)</u>
Total expenditures	<u>19,569</u>	<u>19,569</u>	<u>--</u>	<u>28,095</u>	<u>55,860</u>	<u>(27,765)</u>
Excess (deficiency) of revenues over (under) expenditures	--	--	--	--	(27,765)	(27,765)
Fund balance, July 1	<u>--</u>	<u>1,739</u>	<u>1,739</u>	<u>--</u>	<u>29,504</u>	<u>29,504</u>
Fund balance, June 30	<u>\$ --</u>	<u>\$ 1,739</u>	<u>\$ 1,739</u>	<u>\$ --</u>	<u>\$ 1,739</u>	<u>\$ 1,739</u>

See accompanying notes and independent auditors' report

IMPERIAL COUNTY TRANSPORTATION COMMISSION
SB 325 FUND

BALANCE SHEETS
ARTICLE 8(a)
PERTAINING TO SECTION 99400(a) OF THE PUBLIC UTILITIES CODE
June 30, 2011 and 2010

	2011	2010
Total assets	\$ <u> --</u>	\$ <u> --</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u> --</u>	\$ <u> --</u>
Total liabilities	<u> --</u>	<u> --</u>
Fund balance		
Fund balance - reserved	<u> --</u>	<u> --</u>
Total fund balance	<u> --</u>	<u> --</u>
Total liabilities and fund balance	\$ <u> --</u>	\$ <u> --</u>

See accompanying notes and independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
SB 325 FUND**

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ARTICLE 8(a)
PERTAINING TO SECTION 99400(a) OF THE PUBLIC UTILITIES CODE
For the Years Ended June 30, 2011 and 2010**

	2011			2010		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues						
Intergovernmental:						
SB 325 Article 8(a)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total revenues	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Expenditures						
Maintenance	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u>274,702</u>	<u>(274,702)</u>
Total expenditures	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u>274,702</u>	<u>(274,702)</u>
Excess (deficiency) of revenues over (under) expenditures	--	--	--	--	(274,702)	(274,702)
Fund balance, July 1	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u>274,702</u>	<u>274,702</u>
Fund balance, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

See accompanying notes and independent auditors' report

IMPERIAL COUNTY TRANSPORTATION COMMISSION
SB 325 FUND

BALANCE SHEETS
ARTICLE 8(c)
PERTAINING TO SECTION 99400(c) OF THE PUBLIC UTILITIES CODE
June 30, 2011 and 2010

	2011	2010
ASSETS		
Cash and investments	\$ _____ --	\$ _____ --
Total assets	<u>\$ _____ --</u>	<u>\$ _____ --</u>
LIABILITIES AND FUND BALANCE		
Liabilities	\$ _____ --	\$ _____ --
Total liabilities	_____ --	_____ --
Fund balance		
Fund balance - reserved	_____ --	_____ --
Total fund balance	_____ --	_____ --
Total liabilities and fund balance	<u>\$ _____ --</u>	<u>\$ _____ --</u>

See accompanying notes and independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
SB 325 FUND**

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ARTICLE 8(c)
PERTAINING TO SECTION 99400(c) OF THE PUBLIC UTILITIES CODE
For the Years Ended June 30, 2011 and 2010**

	2011			2010		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues						
Intergovernmental:						
SB 325 Article 8(c)	<u>\$ 2,060,520</u>	<u>\$ 2,060,520</u>	<u>\$ --</u>	<u>\$ 3,144,828</u>	<u>\$ 3,144,828</u>	<u>\$ --</u>
Total revenues	<u>2,060,520</u>	<u>2,060,520</u>	<u>--</u>	<u>3,144,828</u>	<u>3,144,828</u>	<u>--</u>
Expenditures						
Operations	<u>2,060,520</u>	<u>2,060,520</u>	<u>--</u>	<u>3,144,828</u>	<u>3,144,828</u>	<u>--</u>
Total expenditures	<u>2,060,520</u>	<u>2,060,520</u>	<u>--</u>	<u>3,144,828</u>	<u>3,144,828</u>	<u>--</u>
Excess of revenues over expenditures	--	--	--	--	--	--
Fund balance, July 1	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

See accompanying notes and independent auditors' report

IMPERIAL COUNTY TRANSPORTATION COMMISSION
SB 325 FUND

BALANCE SHEETS
ARTICLE 8(e)
PERTAINING TO SECTION 99400(e) OF THE PUBLIC UTILITIES CODE
June 30, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Cash and investments	\$ <u>206</u>	\$ <u>206</u>
Total assets	<u>\$ 206</u>	<u>\$ 206</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ <u>--</u>	\$ <u>--</u>
Total liabilities	<u>--</u>	<u>--</u>
Fund balance		
Fund balance - reserved	<u>206</u>	<u>206</u>
Total fund balance	<u>206</u>	<u>206</u>
Total liabilities and fund balance	<u>\$ 206</u>	<u>\$ 206</u>

See accompanying notes and independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
SB 325 FUND**

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ARTICLE 8(e)
PERTAINING TO SECTION 99400(e) OF THE PUBLIC UTILITIES CODE
For the Years Ended June 30, 2011 and 2010**

	2011			2010		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues						
Intergovernmental:						
SB 325 Article 8(e)	\$ 4,881	\$ 4,881	\$ --	\$ 4,882	\$ 4,882	\$ --
Total revenues	<u>4,881</u>	<u>4,881</u>	<u>--</u>	<u>4,882</u>	<u>4,882</u>	<u>--</u>
Expenditures						
Maintenance	<u>4,881</u>	<u>4,881</u>	<u>--</u>	<u>4,882</u>	<u>9,764</u>	<u>(4,882)</u>
Total expenditures	<u>4,881</u>	<u>4,881</u>	<u>--</u>	<u>4,882</u>	<u>9,764</u>	<u>(4,882)</u>
Excess of revenues over expenditures	--	--	--	--	(4,882)	(4,882)
Fund balance, July 1	<u>--</u>	<u>206</u>	<u>206</u>	<u>--</u>	<u>5,088</u>	<u>5,088</u>
Fund balance, June 30	<u>\$ --</u>	<u>\$ 206</u>	<u>\$ 206</u>	<u>\$ --</u>	<u>\$ 206</u>	<u>\$ 206</u>

See accompanying notes and independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
SB 325 FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011 and 2010**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entities

The operations of the SB 325 Fund of the Imperial County Transportation Commission, "the ICTC," are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures.

The Streets and Roads, Article 8(a), and Fixed Facilities, Article 8(e), Fund of the SB 325, and the Pedestrian and Bicycle Fund, Article 3 of the SB 325 Fund, account for the Imperial County Transportation Commission's share of these Transportation Development Act allocations, which are legally restricted for specific purposes.

Article 8(c) of the SB 325 Fund is provided by the Imperial County Transportation Commission through five contracts with outside vendors. Two contracts are held with First Transit, Inc. to provide Imperial Valley Transit Service. The Imperial County Transportation Commission also holds three contracts with the ARC-Imperial Valley. Med-Express provides non-emergency transportation to medical facilities in San Diego, AIM Transit provides paratransit service exclusively for disabled persons, and Westshores Dial-a-Ride a community based paratransit service.

Basis of Accounting

The Streets and Roads, Article 8(a), and Fixed Facilities, Article 8(e), and the Pedestrian and Bicycle Fund, Article 3, are accounted for in special revenue funds using the modified accrual basis of accounting, whereby revenues are recognized when they become measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

The Public Service Transit Fund, Article 8(c), is accounted for in an enterprise fund using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

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 Streets and Roads and Fixed Facilities Fund, Pedestrian and Bicycle Fund and Public Service Transit Fund of the Imperial County Transportation Commission.

See independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
SB 325 FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011 and 2010**

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 SB 325 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*.

Note 4. TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

In accordance with Section 99234 and 99400(a) and (e) of the Public Utilities Code, funds received pursuant to these sections may only be used for pedestrians and bicycle, streets and roads and fixed facilities. The Imperial County Transportation Commission has complied with the guidelines in respect to the use of funds.

The Imperial County Transportation Commission is subject to provisions pursuant to Section 6634 and 6637 of the California Administrative Code (CAC) and Sections 99268.3, 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.

Reserves in the Article 8(a), 8(e) and 3 funds are maintained for future eligible projects but not to exceed three years. The reserves for Article 8(a) as of June 30, 2011 and 2010, are \$0 and \$0, respectively. The reserves for Article 8(e) as of June 30, 2011 and 2010, are \$206 and \$206, respectively. The reserves for Article 3 as of June 30, 2011 and 2010, are \$1,739 and \$1,739, respectively.

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. The Imperial County Transportation Commission did maintain its accounts and records in accordance with the Uniform System of Accounts and Records.

See independent auditors' report

**IMPERIAL COUNTY TRANSPORTATION COMMISSION
SB 325 FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011 and 2010**

Note 4. TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS (continued)

Section 99268.3, 99268.4 and 99268.5

The Imperial County Transportation Commission's fare box recovery ratio was approximately 18.04% and 17.45% for the fiscal years ending June 30, 2011 and 2010, respectively. The blended fare box recovery minimum ratio requirement is 14.5%, as stated in the letter of approval from the State of California Department of Transportation. For this year this fare box recovery ratio requirement was met.

Note 5. FUND BALANCE

The fund balance represents undesignated fund balances, restricted for use in the TDA programs for which these funds have been authorized.

Note 6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 22, 2012, the report date, and has determined that there are no reportable events.

See independent auditors' report