



Financial Statements
June 30, 2020

Imperial County Transportation Commission

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Independent Auditor's Report

To the Commission Board Members
Imperial County Transportation Commission
County of Imperial, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Imperial County Transportation Commission (ICTC) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise ICTC's 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.

Auditor's Responsibility

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit 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 respective financial position of the governmental activities, the business-type activities, and each major fund of ICTC, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such mission information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 30 through 35, schedule of proportionate share of the net pension liability on page 36, schedule of pension contributions on page 37 and related notes on page 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ICTC's basic financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of ICTC's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 the ICTC's 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 ICTC's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

San Diego, California
December 30, 2020

Imperial County Transportation Commission
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and investments	\$ 15,613,587	\$ 12,859,190	\$ 28,472,777
Receivables			
Accounts receivable	92,631	-	92,631
Interest receivable	37,882	27,882	65,764
Due from other funds	-	393,853	393,853
Due from other governments	3,170,493	2,329,631	5,500,124
Total current assets	<u>18,914,593</u>	<u>15,610,556</u>	<u>34,525,149</u>
Non-Current Assets			
Capital assets being depreciated, net	-	5,898,620	5,898,620
Total assets	<u>18,914,593</u>	<u>21,509,176</u>	<u>40,423,769</u>
Deferred Outflows of Resources			
Deferred amounts related to pensions	<u>124,585</u>	<u>265,756</u>	<u>390,341</u>
Liabilities			
Current Liabilities			
Accounts payable	133,797	531,991	665,788
Due to other funds	393,853	-	393,853
Unearned revenue	1,905,205	-	1,905,205
Total current liabilities	<u>2,432,855</u>	<u>531,991</u>	<u>2,964,846</u>
Non-Current Liabilities			
Compensated absences	21,277	45,213	66,490
Net pension liability	196,208	416,941	613,149
Total non-current liabilities	<u>217,485</u>	<u>462,154</u>	<u>679,639</u>
Total liabilities	<u>2,650,340</u>	<u>994,145</u>	<u>3,644,485</u>
Deferred Inflows of Resources			
Deferred amounts related to pensions	<u>53,581</u>	<u>113,860</u>	<u>167,441</u>
Net Position			
Net investment in capital assets	-	5,898,620	5,898,620
Restricted	16,335,257	14,768,307	31,103,564
Total net position	<u>\$ 16,335,257</u>	<u>\$ 20,666,927</u>	<u>\$ 37,002,184</u>

Imperial County Transportation Commission
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Primary Government							
Governmental activities							
General Government	\$ 400,272	\$ -	\$ -	\$ -	\$ (400,272)	\$ -	\$ (400,272)
Professional Services	284,931	-	-	-	(284,931)	-	(284,931)
Transit and Transportation	543,498	99,719	-	2,376,546	1,932,767	-	1,932,767
Total governmental activities	1,228,701	99,719	-	2,376,546	1,247,564	-	1,247,564
Business-type activities							
Transportation Services	10,035,540	594,288	4,374,158	-	-	(5,067,094)	(5,067,094)
Total primary government	\$ 11,264,241	\$ 694,007	\$ 4,374,158	\$ 2,376,546	1,247,564	(5,067,094)	(3,819,530)
General and Other Revenues							
Transportation development act sales taxes					6,783,653	-	6,783,653
Investment income					213,147	181,122	394,269
Other miscellaneous revenue					20,760	-	20,760
Total general and other revenues					7,017,560	181,122	7,198,682
Transfers					(7,665,432)	7,665,432	-
Change in Net Position					599,692	2,779,460	3,379,152
Net Position, Beginning of Year					15,735,565	17,887,467	33,623,032
Net Position, End of Year					\$ 16,335,257	\$ 20,666,927	\$ 37,002,184

Imperial County Transportation Commission
Governmental Funds
Balance Sheet
June 30, 2020

	Special Revenue Funds						Total
	Transportation Development Act Fund	State Transit Assistance Fund	Prop 1B Fund	State of Good Repair Fund	Regional Planning and Programs Fund	Regional Collaborations Fund	
Assets							
Cash and investments	\$ 11,072,934	3,315,170	93,937	\$ 517,129	\$ 597,037	\$ 17,380	\$ 15,613,587
Receivables							
Accounts receivable	-	-	-	-	92,631	-	92,631
Interest receivable	27,880	7,365	13	1,327	1,290	7	37,882
Due from other governments	2,267,779	813,429	-	48,496	-	40,789	3,170,493
Total assets	\$ 13,368,593	\$ 4,135,964	\$ 93,950	\$ 566,952	\$ 690,958	\$ 58,176	\$ 18,914,593
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 81,110	\$ 52,687	\$ 133,797
Due to other funds	393,853	-	-	-	-	-	393,853
Unearned revenue	-	1,244,303	93,950	566,952	-	-	1,905,205
Total liabilities	393,853	1,244,303	93,950	566,952	81,110	52,687	2,432,855
Fund Balances							
Restricted	12,974,740	2,891,661	-	-	609,848	5,489	16,481,738
Total liabilities and fund balances	\$ 13,368,593	\$ 4,135,964	\$ 93,950	\$ 566,952	\$ 690,958	\$ 58,176	\$ 18,914,593

Imperial County Transportation Commission
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020

Fund balances of governmental funds	\$ 16,481,738
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Adjustments due to deferred outflows of pensions	124,585
Adjustments due to deferred inflows of pensions	(53,581)
Long-term liabilities are not due and payable in the current period and therefore, are not included in the governmental fund activity:	
Net pension liability	(196,208)
Compensated absences	<u>(21,277)</u>
Net position of governmental activities	<u><u>\$ 16,335,257</u></u>

Imperial County Transportation Commission
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2020

	Special Revenue Funds						Total
	Transportation Development Act Fund	State Transit Assistance Fund	Prop 1B Fund	State of Good Repair Fund	Regional Planning and Programs Fund	Regional Collaborations Fund	
Revenues							
State allocations	\$ 6,783,653	\$ 1,808,880	\$ 31,180	\$ -	435,621	\$ -	\$ 9,059,334
Federal allocations	-	-	-	-	-	100,865	100,865
Investment income	178,784	30,245	-	-	4,049	69	213,147
Membership revenues	-	-	-	-	99,719	-	99,719
Other revenues	-	-	-	-	20,760	-	20,760
Total revenues	6,962,437	1,839,125	31,180	-	560,149	100,934	9,493,825
Expenditures							
TDA disbursements	495,333	-	-	-	-	-	495,333
STA projects	-	-	-	-	-	-	-
PTMISEA projects	-	-	48,165	-	-	-	48,165
General and administrative expenditures	-	-	-	-	400,969	42	401,011
Professional services	-	-	-	-	178,776	106,155	284,931
Total expenditures	495,333	-	48,165	-	579,745	106,197	1,229,440
Excess (deficiency) of revenues over (under) expenditures	<u>6,467,104</u>	<u>1,839,125</u>	<u>(16,985)</u>	<u>-</u>	<u>(19,596)</u>	<u>(5,263)</u>	<u>8,264,385</u>
Other Financing Sources (Uses)							
Transfers in	-	-	48,166	-	343,361	-	391,527
Transfers out	<u>(6,930,040)</u>	<u>(1,095,738)</u>	<u>(31,181)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,056,959)</u>
Total other financing sources (uses)	(6,930,040)	(1,095,738)	16,985	-	343,361	-	(7,665,432)
Net Change in Fund Balances	(462,936)	743,387	-	-	323,765	(5,263)	598,953
Fund Balances, Beginning of Year	<u>13,437,676</u>	<u>2,148,274</u>	<u>-</u>	<u>-</u>	<u>286,083</u>	<u>10,752</u>	<u>15,882,785</u>
Fund Balances, End of Year	<u>\$ 12,974,740</u>	<u>\$ 2,891,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609,848</u>	<u>\$ 5,489</u>	<u>\$ 16,481,738</u>

Imperial County Transportation Commission
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds
to the Statement of Activities
June 30, 2020

Net changes in fund balances - total governmental funds	\$ 598,953
Changes in net pension liability and related deferrals reported in the Statement of Activities do not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	(2,245)
Compensated absences reported on the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>2,984</u>
Change in net position of governmental activities	<u>\$ 599,692</u>

Imperial County Transportation Commission

Proprietary Funds
Statement of Net Position
June 30, 2020

	Business-Type Activities - Enterprise Funds		
	Transit Planning and Programs Management Fund	SB 325 Funds for Article 8c	Totals
Assets			
Current Assets			
Cash and investments	\$ 12,859,190	\$ -	\$ 12,859,190
Receivables			
Interest receivable	27,882	-	27,882
Due from other funds	393,853	-	393,853
Due from other governments	2,329,631	-	2,329,631
Total current assets	15,610,556	-	15,610,556
Non-Current Assets			
Capital assets being depreciated, net	5,898,620	-	5,898,620
Total assets	21,509,176	-	21,509,176
Deferred Outflows of Resources			
Deferred amounts related to pensions	265,756	-	265,756
Liabilities			
Current Liabilities			
Accounts payable	531,991	-	531,991
Non-Current Liabilities			
Compensated absences	45,213	-	45,213
Net pension liability	416,941	-	416,941
Total non-current liabilities	462,154	-	462,154
Total liabilities	994,145	-	994,145
Deferred Inflows of Resources			
Deferred amounts related to pensions	113,860	-	113,860
Net Position			
Net investment in capital assets	5,898,620	-	5,898,620
Restricted	14,768,307	-	14,768,307
Total net position	\$ 20,666,927	\$ -	\$ 20,666,927

Imperial County Transportation Commission
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
June 30, 2020

	Business-Type Activities - Enterprise Funds		
	Transit Planning and Programs Management Fund	SB 325 Funds for Article 8c	Totals
Operating Revenues			
Passenger fares	\$ 594,288	\$ -	\$ 594,288
Total operating revenues	<u>594,288</u>	<u>-</u>	<u>594,288</u>
Operating Expenses			
Purchased transportation services	3,868,448	3,780,723	7,649,171
Professional services	468,502	-	468,502
General administration	924,018	-	924,018
Depreciation	887,130	-	887,130
Capital contributions	104,582	-	104,582
Maintenance	2,137	-	2,137
Total operating expenses	<u>6,254,817</u>	<u>3,780,723</u>	<u>10,035,540</u>
Operating Income (loss)	<u>(5,660,529)</u>	<u>(3,780,723)</u>	<u>(9,441,252)</u>
Nonoperating Revenues			
State transit revenues	20,595	-	20,595
Federal grant revenues	3,979,970	-	3,979,970
ICTC reimbursements	373,593	-	373,593
Interest income	181,122	-	181,122
Total nonoperating revenues	<u>4,555,280</u>	<u>-</u>	<u>4,555,280</u>
Income(loss) before transfers	<u>(1,105,249)</u>	<u>(3,780,723)</u>	<u>(4,885,972)</u>
Transfers in	<u>3,884,709</u>	<u>3,780,723</u>	<u>7,665,432</u>
Change in Net Position	2,779,460	-	2,779,460
Net Position Beginning, July 1	<u>17,887,467</u>	<u>-</u>	<u>17,887,467</u>
Net Position Ending, June 30	<u>\$ 20,666,927</u>	<u>\$ -</u>	<u>\$ 20,666,927</u>

Imperial County Transportation Commission

Proprietary Funds Statement of Cash Flows June 30, 2020

	<u>Transit Planning and Program Management Fund</u>	<u>SB 352 Funds for Article 8c</u>	<u>Total</u>
Operating Activities			
Passenger fares	\$ 594,288	\$ -	594,288
Payment to vendors	(5,194,490)	(3,780,723)	(8,975,213)
Payments to employees	(909,613)	-	(909,613)
Net Cash Provided (used) by Operating Activities	<u>(5,509,815)</u>	<u>(3,780,723)</u>	<u>(9,290,538)</u>
Cash Flows from Non-Capital Financing Activities			
Operating grants received	<u>6,744,627</u>	<u>3,780,723</u>	<u>10,525,350</u>
Cash Flows from Investing Activities			
Interest received	<u>207,093</u>	<u>-</u>	<u>207,093</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>1,441,905</u>	<u>-</u>	<u>1,441,905</u>
Cash and Cash Equivalents July 1	<u>11,417,285</u>	<u>-</u>	<u>11,417,285</u>
Cash and Cash Equivalents June 30	<u>\$ 12,859,190</u>	<u>\$ -</u>	<u>\$ 12,859,190</u>
Reconciliation of Operating Income to Net Cash			
Operating income (loss)	\$ (5,660,529)	\$ (3,780,723)	\$ (9,441,252)
Adjustments to reconcile operating income to net cash			
Depreciation expense	887,130	-	887,130
(Decrease) increase in			
Accounts payable	(750,821)	-	(750,821)
Compensated absences	(3,542)	-	(3,542)
Net pension liability	23,861	-	23,861
Change in deferred outflows of resources related to pensions	(42,136)	-	(42,136)
Change in deferred inflows of resources related to pensions	36,222	-	36,222
Total adjustments	<u>150,714</u>	<u>-</u>	<u>150,714</u>
Net Cash Provided (used) by Operating Activities	<u>\$ (5,509,815)</u>	<u>\$ (3,780,723)</u>	<u>\$ (9,290,538)</u>

Note 1 - Summary of Significant Accounting Policies**A. Financial Reporting Entity**

The Imperial County Transportation Commission (ICTC) was established under Senate Bill 607 (SB 607 - Ducheny) which was approved by the California Legislature and Governor Arnold Schwarzenegger in 2009. As a county transportation commission, ICTC member agencies are enabled to exercise basic initiative and leadership in the transportation planning and programming process. The ICTC will act in accordance with all applicable laws and statutes for county transportation commissions. ICTC body will guide the development of the Regional Transportation Plan for the Imperial region and its Regional, State and Federal transportation improvement programs (TIPs) and their updates, including, but not limited to: the distribution and oversight of Local Transportation Fund monies; the preparation and submittal of applications for transportation related funds; approval of the allocation and claims for Transportation Development Act funds; the planning, programming and administration of regional transit services; and, encourage active citizen participation in the development and implementation of various transportation-related plans and programs.

As established under SB 607, the ICTC Board is currently composed of ten voting members and one non-voting member consisting of two members of the Imperial County Board of Supervisors; one member from each incorporated city (seven) within Imperial County who shall be the mayor of the city or a member of its city council; one member of the Board of Directors of the Imperial Irrigation District; and, one non-voting member appointed by the Governor representing the California Department of Transportation (Caltrans). In the future the governing Board of the commission may also include the following ex-officio or non-voting members: one member representing the State of Baja California, Mexico, who may be appointed by the governor of the state; one member representing the municipality of Mexicali, Mexico, who may be the mayor or his or her designee; one member representing the Consul of Mexico in Calexico, California, who may be the consul or his or her designee; and, one member representing any federally recognized Native American tribe in Imperial County.

In addition to the responsibilities described above, the Commission provides direct management, administration and oversight for the following local and regional transportation programs:

- Imperial Valley Transit (IVT) System and its Inner City Circulator Service (Blue, Green, and Gold Lines)
- MedTrans (Non-Emergency Medical Demand Response Service to San Diego)
- IVT ACCESS (Americans with Disabilities Act - ADA Paratransit Service)
- IVT RIDE (curb to curb transit service for seniors; persons age 55 years and over, and persons with disabilities in the Cities of Brawley, Calexico, El Centro, Heber, Imperial and West Shores)
- Local Transportation Authority (Measure D Sales Tax Program)

B. Government-Wide and Fund Financial Statements

Government-wide Statements: The Commission's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on the activities of the Commission. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Eliminations have been made in the statement of activities so that certain allocated expenses are recorded only once (by the function to which they were allocated).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements: The fund financial statements provide information about ICTC's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

ICTC reports the following major governmental funds:

- **Transportation Development Act (TDA) Fund** – This fund was established by ICTC in order to administer funds derived from $\frac{1}{4}$ cent of the local general sales tax collected statewide. The state Board of Equalization returns the $\frac{1}{4}$ cent to each county according to the amount of tax collected. Disbursements from the TDA fund are made to the County of Imperial and the cities located within the County.
- **State Transit Assistance Fund (STAF)** – This fund was established pursuant to SB 620 to supplement existing funding sources for public transit services. The revenues of the fund are derived from a portion of the sales tax on gasoline and are subject to appropriation by the legislature. Disbursements from the fund are made by the Imperial County Auditor-Controller based upon allocation instruction received from ICTC.
- **Prop 1B Fund** – The fund was established by ICTC in order to account for funding received from bonds issued by the State. These funds provide for transit capital, corridor mobility improvements, goods movement, state-local partnership funds and local streets and roads.
- **State of Good Repair Fund** – This [fund](#) was established by ICTC in order to account for the funding received for the provisions of SB1 which apportions funding by formula for any transit-related capital maintenance purposes, including repair, refurbishment and replacement of existing transit vehicles and infrastructure.

- **Regional Planning and Programs Fund** – This fund was established by ICTC in order to administer regional transportation programs and services.
- **Regional Collaboration Fund** – This fund was established for the purpose of tracking activities of joint projects with other agencies in the region.

ICTC reports the following enterprise funds:

Transit Planning and Programs Management Fund – This fund was established in order to administer the various transit programs, grants and services provided either in house or under contract with various providers. The program receives various state and federal grants including the Federal Transportation Administration (FTA) Section 5307, 5310, and 5311. The specific federal funds received are programmed to be utilized for operation costs of Imperial Valley Transit (IVT), the IVT Blue, Green and Gold Lines, MedTrans and IVT ACCESS, the ADA paratransit system and the mobility coordination program.

SB 325 Fund for Article 8c – This fund was established through five contracts with outside vendors. They are held with First Transit, Inc. to provide the Imperial Valley Transit fixed route service, the IVT ACCESS which provides paratransit service exclusively for disabled persons under the Americans with Disabilities Act (ADA), IVT-RIDE an intra city dial-a-ride service for senior and persons with disabilities within Brawley, Calexico, El Centro, Heber, Imperial and the West Shores, and IVT MedTrans which provide nonemergency transportation to medical facilities in San Diego in order to administer regional transportation programs and services.

C. Measurement Focus and Basis of Accounting

The government-wide and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, ICTC considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, however, compensated absences of governmental funds are recorded only when payment is due.

Revenues susceptible to accrual are sales and gas taxes collected and held by the state at year-end on behalf of ICTC, intergovernmental revenues, interest revenue, and charges for services. In applying the susceptible to accrual concept to intergovernmental revenues, there are two types of revenues. For one, monies must be expended for the specific purpose or project before any amounts will be paid to ICTC; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of ICTC’s proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Investments

The County of Imperial Auditor-Controller 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. The investment policies and the risks related to cash and investments 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.

Cash and investments are reported at fair value. The fair value measurements are based on 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 market for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Deposits and withdrawals in the County Investment Pool are made on the basis of \$1 and not fair value. Accordingly, investments in the County Investment Pool are based on uncategorized inputs not defined as Level 1, Level 2, or Level 3.

E. Capital Assets

Capital assets, which include equipment and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by ICTC as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Property, plant, and equipment of ICTC are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives
Automobiles	80,000 to 95,000 miles
Buildings	40 years
Improvements	over remaining useful life
Radios, Communication Equipment	3 years
Small Furniture, Fixtures, and Office Equipment	5 years
Large Furniture and Durable Goods	10 years
Computer Hardware	3 years
Computer Software	3 years
Transit Vehicles	5 to 12 years

F. Net Position

In the government-wide financial statements, net position represents the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources and is classified into three categories.

- **Net investment in capital assets** – This balance reflects the net position of ICTC that is invested in capital assets, net of related debt. This net position is not accessible for other purposes.
- **Restricted Net Position** – This balance represents net position that is not accessible for general use because their use is subject to restrictions enforceable by third parties.
- **Unrestricted Net Position** – This balance represents net position that is available for general use.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, ICTC considers unrestricted funds to have been spent first.

G. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which ICTC is bound to honor constraints on the specific purposes for which amounts can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board, as the highest level of decision making authority, has the ability to commit fund balances through the adoption of a resolution. These committed amounts cannot be used for any other purpose unless the Board removes or modifies the use through the adoption of a subsequent resolution.

Assigned – amounts that are constrained by ICTC's intent to be used for specific purposes and that do not meet the criteria to be classified as restricted or committed. This classification also includes residual amounts in governmental funds.

H. Compensated Absences

GASB Statement No. 16, *Accounting for Compensated Absences*, provides specific guidance on how leave liability should be calculated. Personal time off (PTO) hours accumulated and not taken are accrued at fiscal year-end and a liability is reported in the government-wide financial statements. The liability will be liquidated with resources from the governmental and proprietary funds. Upon termination an employee with a minimum of twelve months of continuous services will receive 100% of the unused PTO balance.

I. Interfund Transactions

During the course of operations, numerous transfers of revenues were made from funds authorized to receive the revenue to funds authorized to expend it.

J. Deferred Outflows and Inflows of Resources

ICTC reports deferred outflows and inflows of resources. A deferred outflow of resources is a consumption of net position or fund balance by the government that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net position or fund balance by the government that is applicable to a future period.

ICTC reports deferred outflows and inflows of resources related to pension on the government-wide statement of net position, under full accrual basis of accounting. Pension related deferred outflows of resources relate to contributions made subsequent to the measurement date, which will be reflected as a reduction of net pension liability in a future reporting period. Pension related deferred inflows of resources include the net differences between projected and actual earnings on plan investments, and differences between expected and actual experiences, and will be recognized as part of pension expense in future reporting periods. Refer to Note 7 for items identified as deferred inflows and outflows related to pensions as of June 30, 2020.

K. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of ICTC's Imperial County Employees' Retirement System (ICERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by ICERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. 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.

M. New GASB Pronouncements**Adopted in the Current Year**

GASB Statement No. 95 – In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Effective in Future Years

ICTC is currently evaluating the potential impact of the following issued, but not yet effective, accounting standards.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 89 – In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement is effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 90 – In September 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 91 – In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosure. The Statement is effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92 – In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 93 – In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate. The Statement is effective for reporting periods after June 15, 2021.

GASB Statement No. 94 – In March 2020, the GASB issued Statement No. 94, *Public Private and Public-Public Partnership and Availability Payment Arrangement*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The Statement is effective for reporting periods after June 15, 2022.

GASB Statement No. 96 – In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangement*. This Statement provides guidance of the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Statement is effective for reporting periods after June 15, 2022.

GASB Statement No. 97 – In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenues Code Section 457 Deferred Compensation Plans – and amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting of Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Statement is effective for fiscal years beginning after June 15, 2021.

Note 2 - Cash and Investments

Cash and investments are classified in the financial statements as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Cash and investments	<u>\$ 15,613,587</u>	<u>\$ 12,859,190</u>	<u>\$ 28,472,777</u>

Cash and investments consisted of the following at June 30, 2020:

Imperial county investment pool	\$ 28,176,855
Deposits with financial institutions	<u>295,922</u>
	<u>\$ 28,472,777</u>

ICTC is a participant in the County Investment Pool. Cash on deposit in the County Investment Pool at June 30, 2020, is stated at fair value. The County Investment Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. For further information regarding the County Investment Pool, refer to the County of Imperial Comprehensive Annual Financial Report.

Fair Value Measurements

ICTC categorizes its fair value measurements within 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. As of June 30, 2020, ICTC held no individual investments. All funds are invested in the County Investment Pool.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. ICTC's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals in the County Investment Pool are made based on \$1 and not fair value. Accordingly, ICTC's proportionate share of investments in the County Investment Pool at June 30, 2020 is measured based on uncategorized inputs not defined as a Level 1, Level 2, or Level 3 input.

Note 3 - Federal, State, and Local Grants

Federal Assistance – ICTC receives Federal operating assistance funds through the U.S. Department of Transit Grant (Urbanized Area Formula Program – Federal Grant 5307, Rural Area Formula Program – Federal Grant 5311, Enhanced Mobility of Seniors and Individuals with Disabilities – Federal Grant 5310 and Congestion Mitigation and Air Quality Improvement Program – CMAQ) and Environmental Protection Agency. Total Federal assistance provided during the fiscal year ended June 30, 2020 was \$4,080,835.

Transportation Development Act – ICTC is subject to provisions pursuant to Section 6634 and 6637 of the California Administrative Code (CAC) and section 99268.3, 99268.4, and 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.

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.

Section 9926.3, 99268.4 and 99268.5 – The ICTC has several fare box recovery ratios for the various services provided.

	<u>Required</u>	<u>Actual</u>
IVT	17%	16.46%
IVT Access	10%	3.64%
IVT RIDE	10%	3.47%
MedTrans	10%	7.20%

Proposition 1B - The Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Fund and California Transit Security Grant Program (CTSGP) are part of the State of California’s Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Bond Act), approved by California voters as Proposition 1B on November 7, 2006. A total of \$19.9 billion was deposited into the State Prop 1B fund, \$3.6 billion of which was made available to project sponsors in California for allocation to eligible public transportation projects over a 10-year period. Proposition 1B funds can be used for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation or replacement. The unearned balances for PTMISEA and CTSGP as of June 30, 2020 are \$88,422 and \$5,528 respectively.

Low Carbon Transit Operations Program (LCTOP) – LCTOP is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. The unearned balance for LCTOP funds as of June 30, 2020 was \$1,244,303.

State of Good Repair – The State of Good Repair Program provides funding to agencies for transit infrastructure repairs and service improvements. SGR funds are made available for eligible transit maintenance, rehabilitation and capital projects. The total unearned balance for State of Good Repair funds as of June 30, 2020 was \$566,952.

Note 4 - Capital Assets

Business-type Activities: The following is a summary of capital assets for business-type activities for the fiscal year ending June 30, 2020:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Capital assets being depreciated				
Furniture	\$ 14,045	\$ -	\$ -	\$ 14,045
Transit equipment	11,066,420	-	-	11,066,420
Total capital assets being depreciated	<u>11,080,465</u>	<u>-</u>	<u>-</u>	<u>11,080,465</u>
Less accumulated depreciation				
Furniture	(14,045)	-	-	(14,045)
Transit equipment	(4,280,670)	(887,130)	-	(5,167,800)
Total accumulated depreciation	<u>(4,294,715)</u>	<u>(887,130)</u>	<u>-</u>	<u>(5,181,845)</u>
Capital asset, net	<u>\$ 6,785,750</u>	<u>\$ (887,130)</u>	<u>\$ -</u>	<u>\$ 5,898,620</u>

Depreciation expense for fiscal year ended June 30, 2020 was charged to functions/programs of the governmental activities as follows:

Business-type activities	
Transportation services	<u>\$ 887,130</u>

Note 5 - Long Term Liabilities

Changes in long-term obligations for the year ended June 30, 2020, are as follow:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Governmental activities				
Compensated absences	\$ 24,261	\$ 26,488	\$ 29,472	\$ 21,277
Business-type activities				
Compensated absences	48,755	59,085	62,627	45,213
Total primary government activities	<u>\$ 73,016</u>	<u>\$ 85,573</u>	<u>\$ 92,099</u>	<u>\$ 66,490</u>

The Commission's policy relating to employees leave benefits is described in Note 1, Compensated Absences. The long-term portion of compensated absences is expected to be paid in future years from future resources from the Regional Planning and Programs, Regional Collaboration, and Transit Planning and Programs Management funds.

Note 6 - Interfund Transactions

Interfund transfers consisted of the following for the year ended June 30, 2020:

Transfers in	Transfers out			Amount
	Transportation Development Act Fund	State Transit Assistance Fund	Prop 1B Fund	
Prop 1B Fund	\$ -	\$ 48,166	\$ -	\$ 48,166
Regional Planning and Programs Fund	343,361	-	-	343,361
Transit Planning and Programs Management Fund	2,805,956	1,047,572	31,181	3,884,709
SB 325 Funds for Article 8c	<u>3,780,723</u>	<u>-</u>	<u>-</u>	<u>3,780,723</u>
Total	<u>\$ 6,930,040</u>	<u>\$ 1,095,738</u>	<u>\$ 31,181</u>	<u>\$ 8,056,959</u>

Interfund transfers are generally used to move revenues from the fund that statute or budget require to collect them to fund that statute or budget requires to expend them.

Note 7 - Pension Plan

Plan Description - The Imperial County Employees Retirement System (ICERS) was established by the County of Imperial in 1951. ICERS is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. Seq.). ICERS is a cost-sharing multiple employer public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to members employed by the ICTC.

The management of ICERS is vested with the Imperial County Board of Retirement. The Board consists of nine members and two alternates. The County Treasurer is a member of the Board of Retirement by law. Four member are appointed by the Board of Supervisors, one of whom may by a County Supervisor. Two members are elected by the General membership; one member and one alternate are elected by the Safety membership, one member and one alternate are elected by the retired members of the System. All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with her term as County treasurer.

ICERS issues an audited stand-alone financial report which may be obtained by contacting the Board of Retirement at 1221 W. State Street, El Centro, CA 92243.

Plan Membership - At June 30, 2019, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	1
Active members	<u>10</u>
Total	<u><u>11</u></u>

Benefits Provided - ICERS provides service retirement, disability, death and survivor benefits to eligible employees. All regular full-time employees of the County of Imperial or contracting districts who work a minimum of 30 hours per week become members of ICERS effective on the first day of the first full pay period after employment. There are separate retirement plans for General and Safety member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and certain probation officers. Any new Safety Member who becomes a member on or after January 1, 2013 is designated as PEPRSA Safety and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA) and California Government Code 7522 et seq. All other employees are classified as General members. New General Members employed after January 1, 2013 are designated as PEPRSA General subject to the provisions of California Government Code 7522 et seq.

General members hired prior to January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50 with 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 52, with five years of retirement service credit.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

General member benefits are calculated pursuant to the provisions of Sections 31676.11 and 31676.14 for Regular and Regular plus Supplemental Benefits, respectively. The monthly allowance is equal to 1/60th of final compensation for Regular and Regular plus Supplemental Benefits, times years of accrued retirement service credit times age factor from either Section 31676.11 (Regular Benefit) or Section 31676.14 (Regular plus Supplemental Benefit). General member benefits for those who are first hired on or after January 1, 2013, are calculated pursuant to the provision of California Government Code Section 7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

For members with membership dates before January 1, 2013, the maximum monthly retirement allowance is 100% of final compensation. However, for members with membership dates on or after January 1, 2013 the maximum amount of pensionable compensation that can be taken into account for 2019 is equal to \$149,016 (reference Section 7522.10). This limit is adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

Final average compensation consists of the highest 12 consecutive months for a General or Safety member and the highest 36 consecutive months for a PEPRSA General or PEPRSA Safety member.

The County of Imperial and contracting districts contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from ICERS' actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2019 for 2018-2019 (based on the June 30, 2017 valuation) was 22.28% of compensation.

All members are required to make contributions to ICERS regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2019 for 2018-2019 (based on the June 30, 2017 valuation) was 12.89% of compensation.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

Actuarial assumptions - The TPL is measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. In particular, the following actuarial assumption were applied in the June 30, 2019 measurement.

Inflation	3.00%
Salary increases	4.75% to 8.25%
Investment rate of return	7.25%
Administrative expenses	1.80% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses are summarized in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption used for the June 30, 2018 actuarial valuation. This information is subject to change every three years based on the actuarial experience study.

Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	23%	5.61%
Small Cap U.S. Equity	6%	6.37%
Developed International Equity	17%	6.96%
Emerging Market Equity	7%	9.28%
U.S. Core Fixed Income	22%	1.06%
TIPS	5%	0.94%
Real Estate	5%	4.37%
Value Added Real Estate	5%	6.00%
Private Credit	5%	5.10%
Private Equity	5%	8.70%
Total	100%	

Discount Rate - The discount rate used to measure the Total Pension Liability was 7.25% as of June 30, 2019. For plan member contributions, the projection of cash flows used to determine the discount rate assumed employee contributions will be made at the current contribution rates and that the contributions will be made at rates equal to the actuarially determined contribution rates. For employer contributions, the projection of cash flow used to determine the discount rate assumed employer contributions will be made at rates equal to the actuarially determined contribution rates.

For this purpose, only employee and employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the TPL as part of the June 30, 2019 measurement.

Sensitivity of the ICTC's proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents ICTC's share of the net pension liability calculated using the discount rate of 7.25%, as well as what ICTC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

Measurement date	1% Decrease	Current Discount	1% Increase
June 30, 2019	<u>\$ 1,306,453</u>	<u>\$ 613,149</u>	<u>\$ 41,986</u>

At June 30, 2020, ICTC reported a liability of \$613,149 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation. ICTC's proportion of the net pension liability was based on the projection of the long-term share of contributions to the pension plan related to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2019, ICTC's proportionate share of net pension liability was 0.502%. This is a .08% increase from the previous year.

For the year ended June 30, 2020, ICTC recognized pension expense of \$212,647. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Imperial County Transportation Commission

Notes to the Financial Statements

June 30, 2020

At June 30, 2020, ICTC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (166,846)
Net excess of projected over actual earnings on pension plan investments	8,469	-
Changes of assumptions	153,368	-
Changes in proportion and differences between employer contribution and proportionate share of contributions	93,969	(595)
Contributions made after the measurement date	134,535	-
	<u>\$ 390,341</u>	<u>\$ (167,441)</u>

\$134,535 reported as deferred outflows of resources related to pensions resulting from ICTC contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized over the estimated average remaining service life of plan members.

Note 8 - Disbursements to Local Agencies

The LTF accounts for the one-quarter percent state sales tax collected within the County. The funds can be used for various programs, including administration, planning and programming for the Transportation Development Act, bicycle and pedestrian projects, commuter rail, streets and rail, and transit operations. The Commission's governing board approves an annual allocation which includes funding for local agencies to spend in accordance with TDA guidelines. During the fiscal year ended June 30, 2020, the Commission allocated \$495,333 of LTF funds to local agencies as shown below.

Local Agency	Bicycles and Pedestrians	Benches and Shelters	Total
City of Brawley	\$ 52,642	\$ 122,460	\$ 175,102
City of Calexico	35,261	84,346	119,607
City of El Centro	37,261	88,758	126,019
City of Imperial	21,940	8,214	30,154
County of Imperial	30,408	14,043	44,451
Total allocations	<u>\$ 177,512</u>	<u>\$ 317,821</u>	<u>\$ 495,333</u>



Required Supplementary Information
June 30, 2020

Imperial County Transportation Commission

Imperial County Transportation Commission
Special Revenue Fund
Transportation Development Act Fund – Budgetary Comparison Schedule
Year Ended June 30, 2020

	Budgeted amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State allocations	\$ 5,969,999	\$ 5,969,999	\$ 6,783,653	\$ 813,654
Investment income	-	-	178,784	178,784
Total revenues	<u>5,969,999</u>	<u>5,969,999</u>	<u>6,962,437</u>	<u>992,438</u>
Expenditures				
Current				
TDA disbursements	<u>495,333</u>	<u>495,333</u>	<u>495,333</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,474,666</u>	<u>5,474,666</u>	<u>6,467,104</u>	<u>992,438</u>
Other Financing Sources (Uses)				
Transfers out	<u>(5,474,666)</u>	<u>(5,474,666)</u>	<u>(6,930,040)</u>	<u>(1,455,374)</u>
Net Change in Fund Balances	-	-	(462,936)	(462,936)
Fund Balances, Beginning of Year	<u>13,437,676</u>	<u>13,437,676</u>	<u>13,437,676</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 13,437,676</u></u>	<u><u>\$ 13,437,676</u></u>	<u><u>\$ 12,974,740</u></u>	<u><u>\$ (462,936)</u></u>

Imperial County Transportation Commission
Special Revenue Fund
State Transit Assistance Fund – Budgetary Comparison Schedule
Year Ended June 30, 2020

	Budgeted amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State allocations	\$ 1,508,075	\$ 1,508,075	\$ 1,808,880	\$ 300,805
Investment income	-	-	30,245	30,245
Total revenues	<u>1,508,075</u>	<u>1,508,075</u>	<u>1,839,125</u>	<u>331,050</u>
Expenditures				
Current				
STA projects	<u>967,572</u>	<u>967,572</u>	<u>-</u>	<u>967,572</u>
Excess (deficiency) or revenues over (under) expenditures	<u>540,503</u>	<u>540,503</u>	<u>1,839,125</u>	<u>1,298,622</u>
Other Financing Sources (Uses)				
Transfers out	<u>(540,503)</u>	<u>(540,503)</u>	<u>(1,095,738)</u>	<u>(555,235)</u>
Net change in fund balances	-	-	743,387	743,387
Fund balances, beginning of year	<u>2,148,274</u>	<u>2,148,274</u>	<u>2,148,274</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,148,274</u>	<u>\$ 2,148,274</u>	<u>\$ 2,891,661</u>	<u>\$ 743,387</u>

Imperial County Transportation Commission

Special Revenue Fund

Prop 1B Fund – Budgetary Comparison Schedule

Year Ended June 30, 2020

	Budgeted amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State allocations	\$ 5,789	\$ 5,789	\$ 31,180	\$ 25,391
Investment income	131	131	-	(131)
Total revenues	<u>5,920</u>	<u>5,920</u>	<u>31,180</u>	<u>25,260</u>
Expenditures				
Current				
PTMISEA projects	-	-	48,165	(48,165)
Excess (deficiency) of revenues over (under) expenditures	<u>5,920</u>	<u>5,920</u>	<u>(16,985)</u>	<u>(11,065)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	48,166	48,166
Transfers out	<u>(5,789)</u>	<u>(5,789)</u>	<u>(31,181)</u>	<u>(25,392)</u>
Total Other Financing Sources (Uses)	<u>(5,789)</u>	<u>(5,789)</u>	<u>16,985</u>	<u>22,774</u>
Net change in fund balances	131	131	-	(131)
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 131</u>	<u>\$ 131</u>	<u>\$ -</u>	<u>\$ (131)</u>

Imperial County Transportation Commission
Special Revenue Fund
State of Good Repair Fund – Budgetary Comparison Schedule
Year Ended June 30, 2020

	Budgeted amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State allocations	\$ 507,343	\$ 507,343	\$ -	\$ (507,343)
Other Financing Sources (Uses)				
Transfers out	(507,343)	(507,343)	-	507,343
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Imperial County Transportation Commission
Special Revenue Fund
Regional Collaboration Fund – Budgetary Comparison Schedule
Year Ended June 30, 2020

	Budgeted amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State allocations	\$ 150,000	\$ 150,000	\$ -	\$ (150,000)
Federal allocations	265,124	265,124	100,865	(164,259)
Investment income	20	20	69	49
Total revenues	<u>415,144</u>	<u>415,144</u>	<u>100,934</u>	<u>(314,210)</u>
Expenditures				
Current				
General and administrative	500	500	42	458
Professional services	<u>414,644</u>	<u>414,644</u>	<u>106,155</u>	<u>308,489</u>
Total expenditures	<u>415,144</u>	<u>415,144</u>	<u>106,197</u>	<u>308,947</u>
Net Change in Fund Balances	-	-	(5,263)	(5,263)
Fund Balances, Beginning of Year	<u>10,752</u>	<u>10,752</u>	<u>10,752</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 10,752</u>	<u>10,752</u>	<u>5,489</u>	<u>(5,263)</u>

Imperial County Transportation Commission
Special Revenue Fund
Regional Planning and Programs Fund – Budgetary Comparison Schedule
Year Ended June 30, 2020

	Budgeted amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State allocations	\$ 890,660	\$ 890,660	\$ 435,621	\$ (455,039)
Investment income	2,900	2,900	4,049	1,149
Membership revenues	100,000	100,000	99,719	(281)
Other revenues	27,630	27,630	20,760	(6,870)
Total revenues	1,021,190	1,021,190	560,149	(461,041)
Expenditures				
Current				
General and administrative expenditures	425,801	425,801	400,969	24,832
Professional services	595,389	595,389	178,776	416,613
Total expenditures	1,021,190	1,021,190	579,745	441,445
Excess (deficiency) or revenues over (under) expenditures	-	-	(19,596)	(19,596)
Other Financing Sources (Uses)				
Transfers In	-	-	343,361	343,361
Net Change in Fund Balances	-	-	323,765	323,765
Fund Balances, Beginning of Year	286,083	286,083	286,083	-
Fund balances, end of year	\$ 286,083	\$ 286,083	\$ 609,848	\$ 323,765

Imperial County Transportation Commission
 Schedule of Proportionate Share of the Net Pension Liability
 Year Ended June 30, 2020

	2020	2019
Proportion of the collective net pension liability	0.502%	0.422%
Proportionate share of the collective net pension liability	\$ 613,149	\$ 588,681
Covered payroll	\$ 824,556	\$ 848,957
Proportionate share of the net pension liability as a percentage of covered payroll	74.36%	69.34%
Plan fiduciary net pension position as a percentage of the total pension liability	87.76%	86.20%
Measurement date	June 30, 2019	June 30, 2018

*Historical information is required only for measurement for which GASB 68 is applicable. However, until ten years of data is available, ICTC will present information only for those years for which information is available.

Imperial County Transportation Commission
 Schedule of Pension Contributions
 Year Ended June 30, 2020

	2020	2019
Actuarially determined contributions	\$ 134,535	\$ 70,658
Contributions related to the actuarially determined contribution	134,535	70,658
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	824,556	848,957
Contributions as a percentage of covered payroll	16.32%	8.32%

*Historical information is required only for measurement for which GASB 68 is applicable. However, until ten years of data is available, ICTC will present information only for those years for which information is available.

Note 1 - Budgetary Data

ICTC establishes accounting control through formal adoption of an annual budget for all of its funds. The Overall Work Plan and Budget is developed by ICTC staff and Executive Director and demonstrates a comprehensive agency-wide budget that conveys the work to be performed by the Commission. Staff has the on-going responsibility to monitor actual revenues and expenditures. When it becomes necessary to modify the adopted budget, the amendment procedure will depend on the type of change that is needed. It is proposed that administrative changes that do not result in an increase in the overall program budget, but require line item transfers of costs and revenues within a work program budget, will only require approval of the Executive Director. Amendments that result in an increase to the total expenditures for a program would require Commission approval and will be presented to the Commission in a formal agenda item.