

Draft 03.21.2025



Imperial County Transportation Commission
El Centro, California
Financial Statements
For the Year Ended June 30, 2024
With Independent Auditor's Reports



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Independent Auditor's Report

The Board of Directors
of the Imperial County Transportation Commission
El Centro, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Imperial County Transportation Commission (the Commission), as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the Commission's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Imperial County Transportation Commission, as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule Pension Contributions, and the Budgetary Comparison Schedules – Major Special Revenue Funds, as listed in the table of contents, 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The combining and individual fund financial statements and budgetary comparison schedules as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the supplementary information is 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 March __, 2025, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Commission'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 the Commission's internal control over financial reporting and compliance.

Glendale, California
March __, 2025



**Report on Compliance for the Transportation Planning Agency Required by
Transportation Development Act
and Report on Internal Control Over Compliance**

**The Board of Directors
of the Imperial County Transportation Commission**
El Centro, California

**Report on Compliance for Transportation Planning Agency Required by Transportation
Development Act**

Opinion

We have audited the Imperial County Transportation Commission's (the Commission) compliance with the compliance requirements described in §6662 and §6663 of the California Code of Regulation, Title 21, Division 3, Chapter 3, Article 5.5 applicable to the Commission's compliance as Transportation Planning Agency (TPA) for the year ended June 30, 2024.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that are applicable to the Commission as Transportation Planning Agency for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the requirements described in §6662 and §6663 of the California Code of Regulation, Title 21, Division 3, Chapter 3, Article 5.5 of the Transportation Development Act Guidebook. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the TPA as required by the Transportation Development Act. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Transportation Development Act.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards in the United States of America and *Government Auditing Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of the Transportation Development Act as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Transportation Development Act, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the Transportation Development Act on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Transportation Development Act that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of §6662 and §6663 of the California Codes of Regulation, Title 21, Division 3, Chapter 3, Article 5.5. Accordingly, this report is not suitable for any other purpose.

Glendale, California
March __, 2025

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Imperial County Transportation Commission
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 28,100,602	\$ 26,749,863	\$ 54,850,465
Receivables:			
Accounts receivable	5,252,251	-	5,252,251
Interest receivable	264,066	236,432	500,498
Due from other governments	619,625	3,802,862	4,422,487
Capital assets:			
Nondepreciable	-	2,890,000	2,890,000
Depreciable, net of accumulated depreciation and amortization	15,483	9,864,813	9,880,296
Total assets	<u>34,252,027</u>	<u>43,543,970</u>	<u>77,795,997</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension	127,751	341,908	469,659
Total deferred outflows of resources	<u>127,751</u>	<u>341,908</u>	<u>469,659</u>
LIABILITIES			
Accounts payable	5,301,700	7,861,824	13,163,524
Accrued payroll	11,567	19,069	30,636
Unearned revenues	1,014,060	-	1,014,060
Compensated absences, due within one year	18,915	42,547	61,462
Lease liability, due within one year	10,820	25,971	36,791
Long-term liabilities:			
Net pension liability	167,428	436,764	604,192
Total liabilities	<u>6,524,490</u>	<u>8,386,175</u>	<u>14,910,665</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension	65,118	135,229	200,347
Total deferred inflows of resources	<u>65,118</u>	<u>135,229</u>	<u>200,347</u>
NET POSITION			
Net investment in capital assets	4,663	12,728,842	12,733,505
Restricted	27,785,507	22,635,632	50,421,139
Total net position	<u>\$ 27,790,170</u>	<u>\$ 35,364,474</u>	<u>\$ 63,154,644</u>

See notes to financial statements.

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Imperial County Transportation Commission
Statement of Activities
Year Ended June 30, 2024

Function/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	\$ 5,218,884	\$ -	\$ -	\$ -	\$ -
Professional services	248,700	-	-	-	-
Transit and transportation	10,060,875	99,926	5,753,398	4,873,896	10,727,220
Total governmental activities	15,528,459	99,926	5,753,398	4,873,896	10,727,220
Business-type Activities:					
Transportation services	12,348,704	1,267,346	15,123,118	-	16,390,464
Total business-type activities	12,348,704	1,267,346	15,123,118	-	16,390,464
Total primary government	\$ 27,877,163	\$ 1,367,272	\$ 20,876,516	\$ 4,873,896	\$ 27,117,684

See notes to financial statements.

Imperial County Transportation Commission
Statement of Activities (Continued)
Year Ended June 30, 2024

Function/Programs	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Governmental Activities:			
General government	\$ (5,218,884)	\$ -	\$ (5,218,884)
Professional services	(248,703)	-	(248,703)
Transit and transportation	666,345	-	666,345
Total governmental activities	(4,801,242)	-	(4,801,242)
Business-type Activities:			
Transportation services	-	4,041,760	4,041,760
Total business-type activities	-	4,041,760	4,041,760
Total primary government	(4,801,242)	4,041,760	(759,482)
General revenues:			
Transportation Development Act sales taxes	10,501,534	-	10,501,534
Investment income	838,389	835,986	1,674,375
Other miscellaneous revenue	5,803	-	5,803
Loss on disposal of capital assets	-	(27,495)	(27,495)
Interest expense	(2,047)	(4,909)	(6,956)
Total general revenues	11,343,679	803,582	12,147,261
Transfers	(1,610,330)	1,610,330	-
Changes in net position	4,932,107	6,455,672	11,387,779
Net Position:			
Beginning of year, as previously reported	23,384,228	28,908,802	52,293,030
Restatement (see Note 14)	(526,165)	-	(526,165)
Beginning of year, as restated	22,858,063	28,908,802	51,766,865
End of year	<u>\$ 27,790,170</u>	<u>\$ 35,364,474</u>	<u>\$ 63,154,644</u>

See notes to financial statements.

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FUND FINANCIAL STATEMENTS

Imperial County Transportation Commission
Balance Sheet
Governmental Funds
June 30, 2024

	Transportation Development Act Fund	State Transit Assistance Fund	Regional Planning and Programs Fund	Other Governmental Funds	Total
ASSETS					
Cash and investments	\$ 17,514,579	\$ 6,457,569	\$ 2,202,998	\$ 1,925,455	\$ 28,100,601
Receivables:					
Accounts receivable	1,797,154	-	3,334,158	120,939	5,252,251
Interest receivable	161,479	59,236	25,931	17,421	264,067
Due from other governments	-	619,625	-	-	619,625
Total assets	\$ 19,473,212	\$ 7,136,430	\$ 5,563,087	\$ 2,063,815	\$ 34,236,544
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 169,896	\$ 53,835	\$ 4,985,276	\$ 92,693	\$ 5,301,700
Accrued payroll	-	-	10,856	711	11,567
Unearned revenues	-	764,883	-	249,177	1,014,060
Total liabilities	169,896	818,718	4,996,132	342,581	6,327,327
Fund balances:					
Restricted	19,303,316	6,317,712	566,955	1,721,234	27,909,217
Total fund balances	19,303,316	6,317,712	566,955	1,721,234	27,909,217
Total liabilities and fund balances	\$ 19,473,212	\$ 7,136,430	\$ 5,563,087	\$ 2,063,815	\$ 34,236,544

See notes to financial statements.

**Imperial County Transportation Commission
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2024**

Total governmental fund balances	\$ 27,909,217
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds:	
Depreciable, net of accumulated depreciation and amortization	15,483
Lease liability arising from a lease in governmental activities are not financial resources, and therefore are not reported in the governmental funds:	
Lease liability	(10,820)
Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:	
Pension related deferred outflows of resources	127,751
Net pension liability	(167,428)
Pension related deferred inflows of resources	(65,118)
Compensated absences liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
	<u>(18,915)</u>
Net position of governmental activities	\$ <u>27,790,170</u>

See notes to financial statements.

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Imperial County Transportation Commission
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024

	Transportation Development Act Fund	State Transit Assistance Fund	Regional Planning and Programs Fund	Other Governmental Funds	Total
Revenues:					
State allocations	\$ -	\$ 3,113,946	\$ 819,931	\$ 1,819,521	\$ 5,753,398
Federal allocations	-	-	4,873,896	-	4,873,896
TDA sales taxes	10,501,534	-	-	-	10,501,534
Investment income	509,670	169,458	107,723	51,538	838,389
Membership revenues	-	-	99,926	-	99,926
Other revenues	-	-	5,803	-	5,803
Total revenues	11,011,204	3,283,404	5,907,279	1,871,059	22,072,946
Expenditures:					
Current:					
TDA disbursements	8,020,423	2,040,452	-	-	10,060,875
General and administrative	-	-	5,123,351	38,629	5,161,980
Professional services	-	-	136,181	85,769	221,950
Interest expense	-	-	-	3	3
Capital outlay	-	-	45,185	-	45,185
Debt service:					
Principal	-	-	19,802	-	19,802
Interest	-	-	2,044	-	2,044
Total expenditures	8,020,423	2,040,452	5,326,563	124,401	15,511,839
Excess of revenues over expenditures	2,990,781	1,242,952	580,716	1,746,658	6,561,107
Other financing uses:					
Lease asset financing	-	-	45,185	-	45,185
Transfers out	-	-	-	(1,610,330)	(1,610,330)
Total other financing uses	-	-	45,185	(1,610,330)	(1,565,145)
Net change in fund balances	2,990,781	1,242,952	625,901	136,328	4,995,962
Fund balances (deficit):					
Beginning of year, as previously reported	16,875,371	5,074,760	(58,946)	1,584,933	23,476,118
Restatement (see Note 14)	(562,836)	-	-	(27)	(562,863)
Beginning of year, as restated	16,312,535	5,074,760	(58,946)	1,584,906	22,913,255
End of year	\$ 19,303,316	\$ 6,317,712	\$ 566,955	\$ 1,721,234	\$ 27,909,217

See notes to financial statements.

**Imperial County Transportation Commission
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government-Wide Statement of Net Position
Year Ended June 30, 2024**

Net change in fund balances of governmental funds \$ 4,995,962

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense:

Capital outlay	45,185
Depreciation and amortization expense	(893)

Proceeds from lease asset financing provide current financial resources to governmental funds, but issuing lease liability increases long-term liability in the Statement of Financial Position. Repayment of lease liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liability in the Statement of Net Position

Lease asset financing	(45,185)
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Some expenses reported in the statement of activities require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Interest expense associated with lease liability	(2,044)
--	---------

Changes in the net pension liability in the Statement of Activities did not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds

41,864

Changes in pension-related deferrals in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Pension-related deferred outflows of resources	(44,003)
Pension-related deferred inflows of resources	(32,026)

Changes in compensated absences do not use current financial resources and, therefore are not reported as an expenditure in governmental funds:

(26,753)

Change in net position of governmental activities

\$ 4,932,107

Imperial County Transportation Commission
Statement of Net Position
Proprietary Fund
June 30, 2024

		Enterprise Fund	
		Transit Planning and Programs Management Fund	Total
ASSETS			
Current assets:			
Cash and investments	\$	26,749,863	\$ 26,749,863
Receivables:			
Due from other governments		3,802,862	3,802,862
Interest receivable		236,432	236,432
Total current assets		<u>30,789,157</u>	<u>30,789,157</u>
Noncurrent assets:			
Nondepreciable		2,890,000	2,890,000
Depreciable, net of accumulated depreciation		9,864,813	9,864,813
Total noncurrent assets		<u>12,754,813</u>	<u>12,754,813</u>
Total assets		<u>43,543,970</u>	<u>43,543,970</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pension		341,908	341,908
Total deferred outflows of resources		<u>341,908</u>	<u>341,908</u>
LIABILITIES			
Current liabilities:			
Accounts payable		7,861,824	7,861,824
Accrued payroll		19,069	19,069
Compensated absences, due within one year		42,547	42,547
Lease liability, due within one year		25,971	25,971
Total current liabilities		<u>7,949,411</u>	<u>7,949,411</u>
Long-term liabilities:			
Net pension liability		436,764	436,764
Total long-term liabilities		<u>436,764</u>	<u>436,764</u>
Total liabilities		<u>8,386,175</u>	<u>8,386,175</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pension		135,229	135,229
Total deferred inflows of resources		<u>135,229</u>	<u>135,229</u>
NET POSITION			
Net investment in capital assets		12,728,842	12,728,842
Restricted		22,635,632	22,635,632
Total net position	\$	<u>35,364,474</u>	\$ <u>35,364,474</u>

See notes to financial statements.

Imperial County Transportation Commission
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2024

		Enterprise Fund	
		Transit Planning and Programs Management Fund	Total
Operating revenue:			
Passenger fares		\$ 1,267,346	\$ 1,267,346
Total operating revenue		<u>1,267,346</u>	<u>1,267,346</u>
Operating expenses:			
Purchased transportation services		9,698,339	9,698,339
Professional services		578,948	578,948
General administration		829,425	829,425
Capital contributions		35,719	35,719
Maintenance		249,044	249,044
Depreciation and amortization		957,229	957,229
Total operating expenses		<u>12,348,704</u>	<u>12,348,704</u>
	Operating loss	<u>(11,081,358)</u>	<u>(11,081,358)</u>
Nonoperating revenues (expenses):			
State transit revenues		9,997,581	9,997,581
Federal grant revenues		4,823,988	4,823,988
ICTC reimbursements		301,549	301,549
Interest income		835,986	835,986
Interest expense		(4,909)	(4,909)
Loss on disposal of capital assets		(27,495)	(27,495)
Total nonoperating revenues, net		<u>15,926,700</u>	<u>15,926,700</u>
	Income before transfers	<u>4,845,342</u>	<u>4,845,342</u>
Transfers:			
Transfers in		1,610,330	1,610,330
Total transfers		<u>1,610,330</u>	<u>1,610,330</u>
Change in net position		6,455,672	6,455,672
Net position:			
Beginning of year		28,908,802	28,908,802
End of year		<u>\$ 35,364,474</u>	<u>\$ 35,364,474</u>

See notes to financial statements.

Imperial County Transportation Commission
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2024

	Enterprise Fund	
	Transit Planning and Programs Management Fund	Total
Cash flows from operating activities:		
Passenger fares	\$ 1,267,346	\$ 1,267,346
Payments to vendors	(10,468,548)	(10,468,548)
Payments to employees	(527,059)	(527,059)
Net cash used in operating activities	(9,728,261)	(9,728,261)
Cash flows from noncapital financing activities:		
Cash received from other funds	1,610,330	1,610,330
Non-operating grants received	12,174,842	12,174,842
Cash provided by noncapital financing activities	13,785,172	13,785,172
Cash flows from investing activities:		
Interest received	827,760	827,760
Cash provided by investing activities	827,760	827,760
Cash flows from capital and related financing activities:		
Payments of lease liability	(82,474)	(82,474)
Interest paid	(4,909)	(4,909)
Purchase of capital assets	(9,770,832)	(9,770,832)
Cash used in capital and related financing activities	(9,858,215)	(9,858,215)
Net decrease in cash and investments	(4,973,544)	(4,973,544)
Cash and investments, beginning of year	31,723,407	31,723,407
Cash and investments, end of year	\$ 26,749,863	\$ 26,749,863
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (11,081,358)	\$ (11,081,358)
Adjustment to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	957,229	957,229
Change in assets and liabilities:		
Pension-related deferred outflows of resources	75,343	75,343
Accounts payable	343,979	343,979
Accrued payroll	(2,400)	(2,400)
Compensated absences	(4,209)	(4,209)
Net pension liability	(71,681)	(71,681)
Pension-related deferred inflows of resources	54,836	54,836
Total adjustments	1,353,097	1,353,097
Net cash used in operating activities	\$ (9,728,261)	\$ (9,728,261)
SUPPLEMENTAL DISCLOSURES OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Obtaining right-of-use lease asset	\$ 108,445	\$ 108,445
Obtaining lease liability	\$ 108,445	\$ 108,445

See notes to financial statements.

NOTE 1 REPORTING ENTITY

The Imperial County Transportation Commission, California (the Commission) 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, the Commission member agencies are enabled to exercise basic initiative and leadership in the transportation planning and programming process. The Commission will act in accordance with all applicable laws and statutes for county transportation commissions. The Commission 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 Commission Board is currently composed of ten voting members and one 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)
- Imperial County Local Transportation Authority (Measure D Sales Tax Program)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Commission have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

Basis of Accounting and Measurement Focus

The accounts of the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The Commission's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Commission accompanied by a total column.

These financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Commission's assets and liabilities, including capital assets, as well as liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the Commission in the following categories:

- Charges for services;
- Operating grants and contributions;
- Capital grants and contributions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of Accounting and Measurement Focus (Continued)***Governmental Fund Financial Statements*

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances. An accompanying reconciliation explains the differences in fund balances as presented in these statements to the net position presented in the Government-Wide Financial Statements.

The governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except for revenues that are subject to accrual (generally 60 days after year-end) are recognized when measurable and available. The primary revenue sources, which have been treated as susceptible to accrual by the Commission, are sales tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Revenues from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Commission must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the Commission on a reimbursement basis.

Unavailable revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable and unearned revenues are removed from the Balance Sheet and revenues are recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Basis of Accounting and Measurement Focus (Continued)***Governmental Fund Financial Statements (Continued)*

The Commission reports the following major governmental funds:

Transportation Development Act Special Revenue Fund

This fund was established by the Commission in order to administer funds 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 tax collected. Disbursements from the TDA fund are made to the County of Imperial and the cities located within the County.

State Transit Assistance Special Revenue Fund

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 the Commission.

Regional Planning and Programs Special Revenue Fund

This fund was established in order to administer regional transportation programs and services.

Proprietary Fund Financial Statements

Proprietary funds account for operations (1) that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds are accounted for on a flow of “*economic resources*” measurement focus and accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation are included in the Statement of Net Position. Revenues are recognized when they are earned, and expenses and deductions are recognized when they are incurred. Non-exchange revenues are recognized when all eligibility requirements have been met. Cost reimbursement grant revenues are recognized when program expenses are incurred in accordance with program guidelines. When non-exchange revenues are received before eligibility requirements are met, they are reported as unearned revenues until earned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund’s principal ongoing operations. The principal operating revenue of the Commission’s proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the cost of services, general and administrative expenses, and depreciation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Basis of Accounting and Measurement Focus (Continued)***Proprietary Fund Financial Statements (Continued)*

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Commission reports the following major enterprise fund:

Transit Planning and Programs Fund

This fund was established 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, IVT ACCESS, the ADA paratransit system and the mobility coordination program.

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's 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 markets 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.

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from/to other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e., long-term in nature). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as "internal balances."

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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 the Commission 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.

Capital assets are depreciated or amortized using either the straight-line method over estimated useful lives or the unit of production method over the estimated useful mileage.

Assets	Method	Useful Lives/Mileage
Automobiles	Straight line	3 to 5 years
Buildings	Straight line	40 years
Improvements	Straight line	2 to 40 years
Radios and communication equipment	Straight line	3 years
Small furniture, fixtures, and office equipment	Straight line	5 years
Large furniture and durable goods	Straight line	10 years
Computer hardware	Straight line	3 years
Computer software	Straight line	3 years
Transit vehicles	Unit of production	70,000 to 500,000 mileage

Right-of-use lease assets are recognized at the lease commencement date and represent the Commission's right to use an underlying asset for the lease term. Right-of-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-of-use lease assets are amortized over the lease term using the straight-line method.

Unearned Revenue

Unearned revenues are reported for resources received before the eligibility requirements are met (excluding time requirements) or services are provided.

Compensated Absences

Personal time off ("PTO") hours accumulated and not taken are accrued at fiscal year-end and liability is reported in the government-wide financial statements. The liability will be liquidated with resources from 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.

Deferred Outflows and Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows of resources, and deferred inflows of resources, when applicable.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Deferred Outflows and Inflows of Resources (Continued)**

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and, therefore, are not recognized as revenue until that time.

The Commission reports deferred outflows and inflows of resources related to pension on the Government-Wide and Proprietary Fund 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, difference between expected and actual experience, changes of assumptions, net difference between projected and actual earnings on pension plan investments, and adjustments due to differences in proportions. Pension-related deferred inflows of resources include the difference between expected and actual experience and adjustments due to differences in proportions, and will be recognized as part of pension expense in future reporting periods. Refer to Note 8 for items identified as deferred inflows and outflows related to pensions as of June 30, 2024.

Net Position Classifications

In the Government-Wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets (where applicable). This portion of net position is not accessible for other purposes.

Restricted – This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. The restrictions are placed by third parties or enabling legislation.

Unrestricted – This component of net position is the remaining amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the Commission's policy is to apply restricted net position first.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Fund Balance Classifications**

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, and items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws, or regulations of other governments as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body and that remain binding unless removed in the same manner. The Commission Board of Directors is considered the highest authority for the Commission and must commit or uncommit fund balance via formal resolution.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Board and the Executive Director have the authority to assign amounts to be used for specific purposes.

Unassigned – This category is for the remaining fund balance.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use externally restricted resources first, the unrestricted resources-committed, assigned, and unassigned-in order as needed. The Commission has no formal policy for the assignment of fund balance, so it is presumed that the order of spending is first committed fund balance, then assigned fund balance, and last of all, unassigned fund balance.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission'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 the ICERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Pensions (Continued)**

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

Governmental Accounting Standards Update

During the year ended June 30, 2024, the Commission implemented the following GASB standard. The financial statements included herein apply the requirements and provisions of the standard.

GASB Statement No. 100 - *Accounting Changes and Error Corrections*. The requirements of this statement are effective for reporting periods beginning after June 15, 2023.

Released GASB Statements to be implemented in future financial statements are as follows:

GASB Statement No. 101 - *Compensated Absences*. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

GASB Statement No. 102 - *Certain Risk Disclosures*. The requirements of this statement are effective for reporting periods beginning after June 15, 2024.

GASB Statement No. 103 - *Financial Reporting Model Improvements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Governmental Accounting Standards Update (Continued)**

GASB Statement No. 104 - *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

NOTE 3 CASH AND INVESTMENTS

At June 30, 2024, cash and investments are classified in the financial statements as follows:

	Governmental Activities	Business- Type Activities	Total
Cash and investments	\$ 28,100,602	\$ 26,749,863	\$ 54,850,465

At June 30, 2024, cash and investments consisted of the following:

Imperial County Investment Pool	\$ 54,632,539
Deposits in banks	217,926
Total	\$ 54,850,465

Demand Deposits

At June 30, 2024, the carrying amount of the Commission's total deposits in banks is \$217,926. These deposits are covered by federal depository insurance or by collateral held by the Commission's agent in the Commission's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the Commission's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Commission's name.

The market value of pledged securities must equal at least 110% of the Commission's cash deposits. California law also allows institutions to secure the Commission deposits by pledging first trust deed mortgage notes having a value of 150% of the Commission's total cash deposits. The Commission may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Commission has waived the collateralization requirements for deposits insured by FDIC.

NOTE 3 CASH AND INVESTMENTS**Cash Pooled with Imperial County Investment Pool**

The Commission is a participant in the Imperial County Investment Pool (Pool) and maintained cash in the amount of \$54,632,539 in the Imperial County Treasury at June 30, 2024. The County pools these funds with those of other entities in the County and invests the cash. Cash on deposit in the Pool is stated at fair value. The Pool values participant shares at fair market value during the year and adjusts to fair value at year-end.

Required disclosure information regarding the categorization of investments and other deposit and investment risk disclosures can be found in the County of Imperial's Annual Comprehensive Financial Report.

The Pool is not registered with the Securities and Exchange Commission (SEC), and a treasury oversight committee provides oversight to ensure that investments comply with the approved County investment policy.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. At June 30, 2024, the Commission's deposit in the Pool has a weighted average maturity of less than 12 months.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Pool does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investments of the Commission are in accordance with limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. The County does not have any investments in any one issuer (other than for Imperial County Investment Pool) that represent 5% or more of the Commission's total investment portfolio.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

NOTE 3 CASH AND INVESTMENTS (CONTINUED)**Custodial Credit Risk**

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Commission's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

NOTE 4 FEDERAL, STATE, AND LOCAL GRANTS**Federal Assistance**

The Commission receives Federal operating assistance funds through the U.S. Department of Transportation Grants (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, Highway Planning and Construction Program, and Congestion Mitigation and Air Quality Improvement Program – CMAQ) and Environmental Protection Agency. Total Federal assistance provided under these programs during the fiscal year ended June 30, 2024 was \$9,697,884.

Transportation Development Act

The Commission 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.

CMAQ

Congestion Mitigation and Air Quality grants from the Environmental Protection Agency and Better Utilizing Investment to Leverage Development.

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.

NOTE 4 FEDERAL, STATE, AND LOCAL GRANTS (CONTINUED)**Section 99268.3, 99268.4 and 99268.5**

The Commission has several fare box recovery ratios for the various services provided.

	<u>Required</u>	<u>Actual</u>
IVT	17.00%	17.03%
IVT Access	10.00%	3.00%
IVT Ride	10.00%	10.00%
MedTrans	10.00%	4.10%

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, 2024 are \$0.

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, 2024 was \$764,883.

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, 2024 was \$249,117.

Better Utilizing Investment to Leverage Development (BUILD) & Rebuilding American Infrastructure with Sustainability and Equity (RAISE)

The BUILD program is a federal competitive grant that looks to enhance America's infrastructure. The Commission was awarded a \$20 million grant for the Calexico East Port of Entry Bridge Widening Project. As of June 30, 2024, the Commission has spent \$18,538,087 of the awarded proceeds on the project.

NOTE 4 FEDERAL, STATE, AND LOCAL GRANTS (CONTINUED)

The program was renamed RAISE during FY2024, for which the Commission was awarded a \$12,887,507 grant to fund the construction activities for a new intermodal transportation center in the City of Calexico's downtown and will consolidate public and private transportation providers into one facility. As of June 30, 2024, the Commission has spent \$1,252,000 of the awarded proceeds on the project.

NOTE 5 INTERFUND TRANSACTIONS

Transfers

Interfund transfers consisted of the following for the year ended June 30, 2024:

<u>Transfers In</u>	<u>Transfers Out</u>	
	State of Good Repair Fund	Total
Enterprise Fund:		
Transit Planning and Programs		
Management Fund	\$ 1,610,330	\$ 1,610,330
Total	<u>\$ 1,610,330</u>	<u>\$ 1,610,330</u>

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

NOTE 6 CAPITAL ASSETS**Governmental Activities**

A summary of changes in the Governmental Activities capital assets for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023 (as restated)	Additions	Deletions	Balance June 30, 2024
Governmental Activities				
Capital assets, being depreciated				
Transit equipment	\$ 27,408	\$ -	\$ -	\$ 27,408
Total capital assets, being depreciated	<u>27,408</u>	<u>-</u>	<u>-</u>	<u>27,408</u>
Capital assets, being amortized				
Right of use lease asset	<u>-</u>	<u>45,185</u>	<u>-</u>	<u>45,185</u>
	<u>-</u>	<u>45,185</u>	<u>-</u>	<u>45,185</u>
Less: accumulated depreciation				
Transit equipment	<u>(19,808)</u>	<u>(2,544)</u>	<u>-</u>	<u>(22,352)</u>
Total accumulated depreciation	<u>(19,808)</u>	<u>(2,544)</u>	<u>-</u>	<u>(22,352)</u>
Less: accumulated amortization				
Right of use lease asset	<u>-</u>	<u>(34,758)</u>	<u>-</u>	<u>(34,758)</u>
Total accumulated amortization	<u>-</u>	<u>(34,758)</u>	<u>-</u>	<u>(34,758)</u>
Total capital assets, being depreciated and amortized, net	<u>7,600</u>	<u>7,883</u>	<u>-</u>	<u>15,483</u>
Governmental activities capital assets, net \$	<u>7,600</u>	<u>7,883</u>	<u>-</u>	<u>15,483</u>

Depreciation and amortization expense for the year ended June 30, 2024 was from the following funds and was charged to the general government function for the governmental activities on the Government-Wide Financial Statements:

Regional Planning and Programs Fund	\$ <u>37,302</u>
Total governmental activities depreciation and amortization	\$ <u>37,302</u>
General government	\$ <u>37,302</u>

NOTE 6 CAPITAL ASSETS (CONTINUED)**Business-Type Activities**

A summary of changes in the Business-type Activities capital assets for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023 (as restated)	Additions	Deletions	Balance June 30, 2024
Business-type Activities:				
Capital assets, not being depreciated				
Properties	\$ 225,000	\$ 2,665,000	\$ -	\$ 2,890,000
Total capital assets, not being depreciated	<u>225,000</u>	<u>2,665,000</u>	<u>-</u>	<u>2,890,000</u>
Capital assets, being depreciated				
Furniture	14,045	-	-	14,045
Transit equipment	11,066,420	7,105,832	(64,409)	18,107,843
Total capital assets, being depreciated	<u>11,080,465</u>	<u>7,105,832</u>	<u>(64,409)</u>	<u>18,121,888</u>
Capital assets, being amortized				
Right of use lease asset	-	108,445	-	108,445
	<u>-</u>	<u>108,445</u>	<u>-</u>	<u>108,445</u>
Less: accumulated depreciation				
Furniture	(14,045)	-	-	(14,045)
Transit equipment	(7,431,160)	(873,810)	36,914	(8,268,056)
Total accumulated depreciation	<u>(7,445,205)</u>	<u>(873,810)</u>	<u>36,914</u>	<u>(8,282,101)</u>
Less: accumulated amortization				
Right of use lease asset	-	(83,419)	-	(83,419)
Total accumulated amortization	<u>-</u>	<u>(83,419)</u>	<u>-</u>	<u>(83,419)</u>
Total capital assets, being depreciated and amortized, net	<u>3,635,260</u>	<u>6,257,048</u>	<u>(27,495)</u>	<u>9,864,813</u>
Business-type activities capital assets, net \$	<u>3,860,260</u>	<u>\$ 8,922,048</u>	<u>\$ (27,495)</u>	<u>\$ 12,754,813</u>

NOTE 6 CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense for the year ended June 30, 2024 was from the following funds and was charged to the transportation services for the business-type activities on the Government-Wide Financial Statements:

Transit Planning and Programs Management Fund	\$ 957,229
Total business-type activities depreciation and amortization	<u>\$ 957,229</u>
Transportation services	<u>\$ 957,229</u>

NOTE 7 COMPENSATED ABSENCES

Changes in compensated absences for the year ended June 30, 2024, were as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due in One Year	Due in More Than One Year
Governmental Activities:						
Compensated absences	\$ 21,260	\$ 26,753	\$ (29,098)	\$ 18,915	\$ 18,915	\$ -
Business-type Activities:						
Compensated absences	\$ 46,756	\$ 47,889	\$ (52,098)	\$ 42,547	\$ 42,547	\$ -

The Commission's policy relating to employees leave benefits is described in Note 2, 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 8 PENSION

General Information about the Pension Plan

Plan Description

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 Commission.

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 members are appointed by the Board of Supervisors, one of whom may be 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 their term as County Treasurer.

NOTE 8 PENSION**General Information about the Pension Plan (Continued)***Plan Description (Continued)*

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.

Employees Covered by Benefit Terms

At the June 30, 2023 measurement date, plan membership consisted of the following:

Active employees	8
Retired employees and beneficiaries	1
Total	<u>9</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 PEPRA 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 PEPRA 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).

NOTE 8 PENSION (CONTINUED)**General Information about the Pension Plan (Continued)***Benefits Provided (Continued)*

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 2023 is equal to \$175,250 (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 PEPRA general member or PEPRA safety member.

Contributions

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, 2023 for 2022-2023 (based on the June 30, 2021 valuation) was 22.71% 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, 2023 for 2022-2023 (based on the June 30, 2021 valuation) was 13.01% of compensation.

Net Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

The total pension liability (TPL) is measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. In particular, the following actuarial assumptions were applied in the June 30, 2023 measurement:

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
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Actuarial Assumptions:

Discount rate	6.75%
Inflation	2.50%
Salary increases	4.00% to 10.75%
Administrative expenses	2.10% 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.

NOTE 8 PENSION (CONTINUED)**Net Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***Long-term Expected Rate of Return*

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, 2023 actuarial valuation. This information is subject to change every three years based on the actuarial experience study.

Long-term Expected Rate of Return

Asset class¹	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Large cap U.S. equity	26.00%	6.00%
Small cap U.S. equity	7.00%	6.65%
Developed international equity	14.00%	7.01%
Emerging markets equity	6.00%	8.80%
U.S. core fixed income	22.00%	1.97%
TIPS	5.00%	1.77%
Real estate	5.00%	3.86%
Value added real estate	5.00%	6.70%
Private credit	5.00%	6.69%
Private equity	5.00%	10.12%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability (TPL) was 6.75% as of the June 30, 2023 measurement date. 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.

NOTE 8 PENSION (CONTINUED)**Net Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***Discount Rate (Continued)*

For this purpose, only employee and employer contributions that are intended to fund the 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 periods of projected benefit payments to determine the TPL as part of the June 30, 2023 measurement date.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission's share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

Plan's Net Pension Liability		
Discount Rate - 1%	Current Discount	Discount Rate + 1%
(5.75%)	Rate (6.75%)	(7.75%)
\$ 1,304,155	\$ 604,192	\$ 35,464

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued ICERS financial report and can be obtained from the County of Imperial's website under Documents.

Proportionate Share of Net Pension Liability and Pension Expense

At June 30, 2024, the Commission reported a liability of \$604,192 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Commission'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 the June 30, 2023 measurement date, the Commission's proportionate share of net pension liability was 0.419%. This is a 0.22% decrease from the previous year.

NOTE 8 PENSION (CONTINUED)**Net Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***Proportionate Share of Net Pension Liability and Pension Expense (Continued)*

For the year ended June 30, 2024, the Commission recognized pension expense of \$195,961. 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.

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool for the measurement period ended June 30, 2023.

1. In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool on the valuation date (June 30, 2022). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.
2. Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date. Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2023 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2022-2023).
3. The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of the market value assets.
4. Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
5. The plan's TPL as of the measurement date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
6. The plan's NPL at the measurement date is the difference between the TPL and FNP calculated in (5).

NOTE 8 PENSION (CONTINUED)**Net Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***Proportionate Share of Net Pension Liability and Pension Expense (Continued)*

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5 years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for the risk pool for 2022-2023 measurement period is 6.20 years, which was obtained by dividing the total service years (the sum of the remaining service lifetimes of the active employees) by the total number of participants: active, inactive, and retired.

At June 30, 2024, the Commission 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
Pension contribution after measurement date	\$ 103,298	\$ -
Difference between expected and actual experience	11,272	(151,664)
Changes of assumptions	178,715	-
Net difference between projected and actual earnings on pension plan investments	104,516	-
Adjustment due to differences in proportions	71,858	(48,683)
Total	<u>\$ 469,659</u>	<u>\$ (200,347)</u>

\$103,298 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions made subsequent to the measurement date will be recognized as a reduction of the collective net pension liability in the year ended June 30, 2025.

NOTE 8 PENSION (CONTINUED)**Net Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***Proportionate Share of Net Pension Liability and Pension Expense (Continued)*

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Measurement Period Ended June 30,</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2024	\$ 36,892
2025	36,892
2026	36,892
2027	36,892
2028	18,446
Thereafter	-
	<u>\$ 166,014</u>

At June 20, 2024, the Commission did not owe anything to the Plan.

NOTE 9 DISBURSEMENTS TO LOCAL AGENCIES

The Local Transportation Fund (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 (TDA), 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, 2024, the Commission allocated \$104,244 of LTF funds to local agencies as shown below.

<u>Local Agency</u>	<u>Bicycles and Pedestrians</u>	<u>Benches and Shelters</u>	<u>Total</u>
City of El Centro	\$ 40,592	\$ 18,962	\$ 59,554
County of Imperial	31,416	13,274	44,690
Total allocations	<u>\$ 72,008</u>	<u>\$ 32,236</u>	<u>\$ 104,244</u>

NOTE 10 RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. These risks are covered by third-party commercial insurance. There have been no reductions in insurance coverage as compared to the previous year, and for the past fiscal year, no settlement amounts have occurred.

The Commission's purchased commercial insurance coverage is as follows:

Insurance	Amount
Personal injury	\$ 2,000,000
Public officials errors and omissions	2,000,000
Products/ completed operations	2,000,000
Employment practices	1,000,000
Crime	1,000,000
Property	100,000,000
Workers' compensation	1,000,000

NOTE 11 COMMITMENTS AND CONTINGENCIES**Grants**

The Commission recognizes as revenues, grant monies received as reimbursement for costs incurred in certain federal and state programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Commission expects such amounts, if any, to be immaterial.

Commitments

As of June 30, 2024, the Commission did not have significant outstanding commitments.

NOTE 12 NET POSITION AND FUND BALANCE**Net Investment in Capital Assets**

At June 30, 2024, the net investment in capital assets category of net position consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net investment in capital assets:		
Nondepreciable capital assets	\$ -	\$ 2,890,000
Depreciable capital assets, net	4,663	9,838,842
Total net investment in capital assets	<u>\$ 4,663</u>	<u>\$ 12,728,842</u>

Fund Balance Classifications

The following table shows the classification of the Commission's fund balances as of June 30, 2024:

<u>Fund Balance Category</u>	<u>Transportation Development Act Fund</u>	<u>State Transit Assistance Fund</u>	<u>Regional Planning and Programs Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted:					
Transportation projects	\$ 19,303,316	\$ 6,317,712	\$ 566,955	\$ 1,721,234	\$ 27,909,217
Total fund balances	<u>\$ 19,303,316</u>	<u>\$ 6,317,712</u>	<u>\$ 566,955</u>	<u>\$ 1,721,234</u>	<u>\$ 27,909,217</u>

NOTE 13 OTHER REQUIRED DISCLOSURES**Expenditures Exceeding Appropriations**

For the year ended June 30, 2024, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Function</u>	<u>Excess Expenditures</u>
State Transit Assistance Fund	TDA disbursements	\$ 871,630

NOTE 14 RESTATEMENT OF BEGINNING BALANCESChanges to or within the Financial Reporting Entity

Prop 1B Fund, State of Good Repair Fund, Regional Collaborations Fund, and SAFE Fund were previously reported as major funds in the fiscal year 2023 financial statements. However, the size criteria for the current year changed the presentation for all funds. The effects of those changes to or within the financial reporting entity are shown in the *Change to or within the Financial Reporting Entity* column in the subsequent table presented.

NOTE 14 RESTATEMENT OF BEGINNING BALANCES (CONTINUED)Error Corrections

During the fiscal year 2024, the Commission determined that:

- a. The Commission had overstated the interest allocation for its Transportation Development Act Fund and Prop 1B Fund resulting to an overstatement of the recorded investment income for governmental activities amounting to \$562,863.
- b. The Commission had understated its government-wide capital assets and compensated absences as of June 30, 2023, by \$7,600 and \$29,098, respectively.

The effects of correcting the above errors are shown in the *Error Corrections* column below.

	June 30, 2023 As Previously Reported	Change to or within the Financial Reporting Entity	Error Corrections	June 30, 2023 As Restated
Government-Wide				
Governmental Activities	\$ 23,384,228	\$ -	\$ (526,165)	\$ 22,858,063
Business-Type Activities	28,908,802	-	-	28,908,802
Total Primary Government	<u>\$ 52,293,030</u>	<u>\$ -</u>	<u>\$ (526,165)</u>	<u>\$ 51,766,865</u>
Governmental Funds				
Major Funds:				
Transportation Development Act Fund	\$ 16,875,371	\$ -	\$ (562,836)	\$ 16,312,535
State Transit Assistance Fund	5,074,760	-	-	5,074,760
Regional Planning and Programs Fund	(58,946)	-	-	(58,946)
Prop 1B Fund	32	(32)	-	-
State of Good Repair Fund	-	-	-	-
Regional Collaborations Fund	10,713	(10,713)	-	-
SAFE Fund	1,574,188	(1,574,188)	-	-
Nonmajor Funds:				
Special Revenue Funds	-	1,584,933	(27)	1,584,906
	<u>\$ 23,476,118</u>	<u>\$ -</u>	<u>\$ (562,863)</u>	<u>\$ 22,913,255</u>

NOTE 15 SUBSEQUENT EVENTS

In preparing these financial statements, the Commission has evaluated events and transactions for potential recognition or disclosure through March __, 2025, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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**Imperial County Transportation Commission
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
Last Ten Fiscal Years**

Fiscal Year Ended June 30, Measurement Date	2024 <u>June 30, 2023</u>	2023 <u>June 30, 2022</u>	2022 <u>June 30, 2021</u>	2021 <u>June 30, 2020</u>	2020 <u>June 30, 2019</u>
Proportion of the net pension liability	0.42%	0.64%	0.56%	0.68%	0.50%
Proportionate share of the net pension liability	\$ 604,192	\$ 717,737	\$ 60,788	\$ 937,450	\$ 613,149
Covered payroll	\$ 617,902	\$ 740,517	\$ 718,949	\$ 698,009	\$ 715,480
Proportionate share of the net pension liability as percentage of covered payroll	<u>121.60%</u>	<u>96.92%</u>	<u>8.46%</u>	<u>134.30%</u>	<u>85.70%</u>
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	<u>87.54%</u>	<u>92.80%</u>	<u>82.42%</u>	<u>81.98%</u>	<u>87.76%</u>

*Historical information is presented only for measurement periods for which GASB 68 is implemented.

**Imperial County Transportation Commission
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
(Continued)
Last Ten Fiscal Years**

Fiscal Year Ended June 30, Measurement Date	2019 June 30, 2018	2018 June 30, 2017	2017 June 30, 2016	2016 June 30, 2015	2015 June 30, 2014
Proportion of the net pension liability	0.42%	0.41%	0.37%	0.36%	0.34%
Proportionate share of the net pension liability	\$ 588,681	\$ 546,878	\$ 491,187	\$ 317,478	\$ 200,453
Covered payroll	\$ 599,646	\$ 542,755	\$ 483,874	\$ 452,450	\$ 431,290
Proportionate share of the net pension liability as percentage of covered payroll	98.17%	100.76%	101.51%	70.17%	46.48%
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	86.20%	85.31%	83.39%	89.78%	88.78%

*Historical information is presented only for measurement periods for which GASB 68 is implemented.

**Imperial County Transportation Commission
Required Supplementary Information (Unaudited)
Schedule of Pension Contributions
Last Ten Fiscal Years**

	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 103,298	\$ 126,141	\$ 141,167	\$ 152,886	\$ 145,001
Contributions in relation to the actuarially determined contributions	(103,298)	(126,141)	(141,167)	(152,886)	(145,001)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 617,902	\$ 740,517	\$ 718,949	\$ 698,009	\$ 698,009
Contributions as a percentage of covered payroll	16.72%	17.03%	19.64%	21.90%	20.77%

*Historical information is presented only for measurement periods for which GASB No. 68 is implemented.

Notes to Schedule:

Benefit Changes: There were no changes to the benefit terms.

**Imperial County Transportation Commission
Required Supplementary Information (Unaudited)
Schedule of Pension Contributions (Continued)
Last Ten Fiscal Years**

	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 101,098	\$ 92,719	\$ 85,263	\$ 80,762	\$ 71,167
Contributions in relation to the actuarially determined contributions	(101,098)	(92,719)	(85,263)	(80,762)	(71,167)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 715,480	\$ 599,646	\$ 542,755	\$ 483,874	\$ 452,450
Contributions as a percentage of covered payroll	14.13%	15.46%	15.71%	16.69%	15.73%

*Historical information is presented only for measurement periods for which GASB No. 68 is implemented.

Notes to Schedule:

Benefit Changes: There were no changes to the benefit terms.

Imperial County Transportation Commission
Required Supplementary Information
Budgetary Comparison Schedule – Transportation Development Act Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
TDA sales taxes	\$ 9,825,333	\$ 9,825,333	\$ 10,501,534	\$ 676,201
Investment income	-	-	509,670	509,670
Total revenues	<u>9,825,333</u>	<u>9,825,333</u>	<u>11,011,204</u>	<u>1,185,871</u>
Expenditures:				
TDA disbursements	<u>9,825,333</u>	<u>9,825,333</u>	<u>8,020,423</u>	<u>1,804,910</u>
Total expenditures	<u>9,825,333</u>	<u>9,825,333</u>	<u>8,020,423</u>	<u>1,804,910</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,990,781</u>	<u>2,990,781</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,990,781</u>	<u>\$ 2,990,781</u>
Fund balance:				
Beginning of year, as restated (see Note 14)			16,312,535	
End of year			<u>\$ 19,303,316</u>	

**Imperial County Transportation Commission
Required Supplementary Information
Budgetary Comparison Schedule – State Transit Assistance Fund
For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
State allocations	\$ 2,712,282	\$ 2,712,282	\$ 3,113,946	\$ 401,664
Investment income	-	-	169,458	169,458
Total revenues	<u>2,712,282</u>	<u>2,712,282</u>	<u>3,283,404</u>	<u>571,122</u>
Expenditures:				
TDA disbursements	1,168,822	1,168,822	2,040,452	(871,630)
Total expenditures	<u>1,168,822</u>	<u>1,168,822</u>	<u>2,040,452</u>	<u>(871,630)</u>
Excess of revenues over expenditures	<u>1,543,460</u>	<u>1,543,460</u>	<u>1,242,952</u>	<u>(300,508)</u>
Other financing sources:				
Transfers out	(1,543,460)	(1,543,460)	-	1,543,460
Total other financing sources	<u>(1,543,460)</u>	<u>(1,543,460)</u>	<u>-</u>	<u>1,543,460</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,242,952	<u>\$ 1,242,952</u>
Fund balance:				
Beginning of year			5,074,760	
End of year			<u>\$ 6,317,712</u>	

**Imperial County Transportation Commission
Required Supplementary Information
Budgetary Comparison Schedule – Regional Planning and Programs Fund
For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
State allocations	\$ 6,064,489	\$ 6,064,489	\$ 819,931	\$ (5,244,558)
Federal allocations	5,538,607	5,538,607	4,873,896	(664,711)
Investment income	129,152	129,152	107,723	(21,429)
Membership revenues	100,000	100,000	99,926	(74)
Other revenues	464,884	464,884	5,803	(459,081)
Total revenues	12,297,132	12,297,132	5,907,279	(6,389,853)
Expenditures:				
General and administrative	11,813,159	11,813,159	5,145,197	6,667,962
Professional services	483,973	483,973	136,181	347,792
Total expenditures	12,297,132	12,297,132	5,281,378	7,015,754
Excess of revenues over expenditures	-	-	625,901	625,901
Net change in fund balance	\$ -	\$ -	625,901	\$ 625,901
Fund balance (deficit):				
Beginning of year			(58,946)	
End of year			<u>\$ 566,955</u>	

Budget and Budgetary Accounting

The Imperial County Transportation Commission (the Commission) establishes accounting control through formal adoption of an annual budget for all of its funds. The Overall Work Plan and Budget are developed by Commission staff and the Executive Director and demonstrate a comprehensive agency-wide budget that conveys the work to be performed by the Commission. Staff has the ongoing 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.

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OTHER SUPPLEMENTARY INFORMATION

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NONMAJOR FUNDS

Proposition "1B" Fund – This fund was established 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 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 Collaborations Fund – This fund was established for the purpose of tracking activities of joint projects with other agencies in the region.

SAFE Fund – This fund was established for the purpose of tracking activities of the Service Authority for Freeway Emergencies revenues received from the Department of Motor Vehicles user registration fees.

Imperial County Transportation Commission
Combining Balance Sheet
Other Governmental Funds
June 30, 2024

	Special Revenue Funds				
			Regional		
	Prop 1B Fund	State of Good Repair Fund	Collaborations Fund	SAFE Fund	Total
ASSETS					
Cash and investments	\$ 2	\$ 251,351	\$ 1,511	\$ 1,672,591	\$ 1,925,455
Receivables:					
Accounts receivable	-	85,736	-	35,203	120,939
Interest receivable	-	2,021	40	15,360	17,421
Total assets	\$ 2	\$ 339,108	\$ 1,551	\$ 1,723,154	\$ 2,063,815
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 89,931	\$ 17	\$ 2,745	\$ 92,693
Accrued payroll	-	-	246	465	711
Unearned revenues	-	249,177	-	-	249,177
Total liabilities	-	339,108	263	3,210	342,581
Fund balances:					
Restricted	2	-	1,288	1,719,944	1,721,234
Total fund balances	2	-	1,288	1,719,944	1,721,234
Total liabilities and fund balances	\$ 2	\$ 339,108	\$ 1,551	\$ 1,723,154	\$ 2,063,815

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Imperial County Transportation Commission
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
Year Ended June 30, 2024

	Special Revenue Funds				Total
	Prop 1B Fund	State of Good Repair Fund	Regional Collaborations Fund	SAFE Fund	
Revenues:					
State allocations	\$ -	\$ 1,610,330	\$ -	\$ 209,191	\$ 1,819,521
Federal allocations	-	-	-	-	-
TDA sales taxes	-	-	-	-	-
Investment income	-	-	296	51,242	51,538
Membership revenues	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	<u>-</u>	<u>1,610,330</u>	<u>296</u>	<u>260,433</u>	<u>1,871,059</u>
Expenditures:					
TDA disbursements	-	-	-	-	-
General and administrative	-	-	757	37,872	38,629
Professional services	-	-	8,964	76,805	85,769
Interest expense	3	-	-	-	3
Total expenditures	<u>3</u>	<u>-</u>	<u>9,721</u>	<u>114,677</u>	<u>124,401</u>
Excess of revenues (under) over expenditures	<u>(3)</u>	<u>1,610,330</u>	<u>(9,425)</u>	<u>145,756</u>	<u>1,746,658</u>
Other financing uses:					
Transfers out	-	(1,610,330)	-	-	(1,610,330)
Total other financing uses	<u>-</u>	<u>(1,610,330)</u>	<u>-</u>	<u>-</u>	<u>(1,610,330)</u>
Net change in fund balances	<u>(3)</u>	<u>-</u>	<u>(9,425)</u>	<u>145,756</u>	<u>136,328</u>
Fund balances:					
Beginning of year, as previously reported	32	-	10,713	1,574,188	1,584,933
Restatement (see Note 14)	(27)	-	-	-	(27)
Beginning of year, as restated	<u>5</u>	<u>-</u>	<u>10,713</u>	<u>1,574,188</u>	<u>1,584,906</u>
End of year	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 1,288</u>	<u>\$ 1,719,944</u>	<u>\$ 1,721,234</u>

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Imperial County Transportation Commission
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Prop 1B Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
State allocations	\$ 750,000	\$ 750,000	\$ -	\$ (750,000)
Total revenues	<u>750,000</u>	<u>750,000</u>	<u>-</u>	<u>(750,000)</u>
Expenditures:				
TDA disbursements	750,000	750,000	-	750,000
Interest expense	-	-	3	(3)
Total expenditures	<u>750,000</u>	<u>750,000</u>	<u>3</u>	<u>749,997</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(3)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3)</u>	<u>\$ (3)</u>
Fund balance:				
Beginning of year			5	
End of year			<u>2</u>	

Imperial County Transportation Commission
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
State of Good Repairs Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
State allocations	\$ 1,449,882	\$ 1,449,882	\$ 1,610,330	\$ 160,448
Total revenues	<u>1,449,882</u>	<u>1,449,882</u>	<u>1,610,330</u>	<u>160,448</u>
Expenditures:				
Professional services	1,449,882	1,449,882	-	1,449,882
Total expenditures	<u>1,449,882</u>	<u>1,449,882</u>	<u>-</u>	<u>1,449,882</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,610,330</u>	<u>1,610,330</u>
Other financing sources:				
Transfers out	-	-	(1,610,330)	(1,610,330)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(1,610,330)</u>	<u>(1,610,330)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance:				
Beginning of year			-	
End of year			<u>\$ -</u>	

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Imperial County Transportation Commission
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Regional Collaborations Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
State allocations	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
Federal allocations	18,098	18,098	-	(18,098)
Investment income	-	-	296	296
Total revenues	<u>218,098</u>	<u>218,098</u>	<u>296</u>	<u>(217,802)</u>
Expenditures:				
General and administrative	-	-	757	(757)
Professional services	218,098	218,098	8,964	209,134
Total expenditures	<u>218,098</u>	<u>218,098</u>	<u>9,721</u>	<u>208,377</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(9,425)</u>	<u>(9,425)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(9,425)</u>	<u>\$ (9,425)</u>
Fund balance:				
Beginning of year			10,713	
End of year			<u>\$ 1,288</u>	

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Imperial County Transportation Commission
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
SAFE Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
State allocations	\$ 200,000	\$ 200,000	\$ 209,191	\$ 9,191
Investment income	8,953	8,953	51,242	42,289
Total revenues	<u>208,953</u>	<u>208,953</u>	<u>260,433</u>	<u>51,480</u>
Expenditures:				
General and administrative	76,250	76,250	37,872	38,378
Professional services	132,703	132,703	76,805	55,898
Total expenditures	<u>208,953</u>	<u>208,953</u>	<u>114,677</u>	<u>94,276</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>145,756</u>	<u>145,756</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>145,756</u>	<u>\$ 145,756</u>
Fund balance:				
Beginning of year			1,574,188	
End of year			<u>\$ 1,719,944</u>	

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