

**BRAWLEY**

**CALIPATRIA**

**HOLTVILLE**

**WESTMORLAND**



**CALEXICO**

**EL CENTRO**

**IMPERIAL**

**IMPERIAL COUNTY**

**AGENDA**

**WEDNESDAY, JULY 25, 2018**

**6:00 PM or immediately after the ICTC meeting**

**County Administration Building, 2<sup>nd</sup> Floor  
 Board of Supervisors Chambers  
 940 W. Main St.  
 El Centro, CA 92243**

**CHAIRPERSON: LUIS PLANCARTE**

**EXECUTIVE DIRECTOR: MARK BAZA**

Individuals wishing accessibility accommodations at this meeting, under the Americans with Disabilities Act (ADA), may request such accommodations to aid hearing, visual, or mobility impairment by contacting ICTC offices at (760) 592-4494. Please note that 48 hours advance notice will be necessary to honor your request.

**I. CALL TO ORDER AND ROLL CALL**

**II. EMERGENCY ITEMS**

A. Discussion/Action of emergency items, if necessary.

**III. PUBLIC COMMENTS**

Any member of the public may address the Authority for a period not to exceed three minutes on any item of interest not on the agenda within the jurisdiction of the Authority. The Authority will listen to all communication, but in compliance with the Brown Act, will not take any action on items that are not on the agenda.

**IV. CONSENT CALENDAR**

A. Approval of LTA Board Draft Minutes: June 27, 2018 Page 4

**V. REPORTS**

A. LTA Executive Director Report Page 8

**VI. ACTION CALENDAR**

A. Public Hearing: the Adoption of the Resolution Amending the Measure D Expenditure Plan and adoption of the FY 2018-19 LTA 1% Administrative Budget Page 12

The ICTC Management Committee met on July 11, 2018 and forwards this item to the LTA Board for review and approval after public comment, if any.

1. Conduct the public hearing on July 25, 2018 at 6:00PM for the purpose of attaining public comment on the LTA 1% Administrative Budget Resolution Amending the Measure D Expenditure Plan.
2. Authorize the chairman to sign the resolution of the LTA amending the 1% administrative services by amending the Ordinance’s Section 8 Expenditure Plan.
3. Approve the 1% administrative services budget for the LTA for FY 2018-19.

**1503 N. Imperial Ave., Suite 104, El Centro, CA 92243  
 Phone: (760) 592-4494 Fax: (760) 592-4410**

- B. Adoption of the Imperial County Local Transportation Authority Annual Financial Audit – Westmorland, Fiscal Year Ended June 30, 2017 Page 20

With Concurrence of the ICTC Management Committee on July 11, 2018, the Executive Director forwards the following recommendations to the LTA Board for review and approval, after receipt of public comment, if any:

1. Receive, Approve and File the FY 2016-17 Imperial County Local Transportation Authority Annual Financial Audit for the City of Westmorland.
2. Request that the City of Westmorland provide a timeline for the completion of the further audit findings.
3. Direct staff to allocate LTA funds for the City of Westmorland through a claim/reimbursement process only until completion of an audit, effective July 1, 2018.

**VII. ADJOURNMENT**

- A. Motion to Adjourn

# **IV. CONSENT CALENDAR**

A. Approval of LTA Board Draft Minutes :  
June 27, 2018



Local Transportation Authority

**MINUTES FOR JUNE 27, 2018****VOTING MEMBERS PRESENT:**

City of Brawley	George Nava
City of Calipatria	Maria Nava-Froelich
City of El Centro	Alex Cardenas (alt.)
City of Holtville	James Predmore
City of Imperial	James Tucker (alt.)
City of Westmorland	Lawrence Ritchie
County of Imperial	Luis Plancarte
County of Imperial	Ryan Kelley
Executive Director	Mark Baza (non-voting)

**STAFF PRESENT:** Kathi Williams, Virginia Mendoza, David Aguirre, Michelle Bastidas, Maricela Galarza, Cristi Lerma

**OTHERS PRESENT:** David Salgado: SCAG; Eric Havens: Counsel; Marcelo Peinado, Ann Fox: Caltrans; Carmen Vargas: Ramirez & Co., Inc.; Don Hunt: Norton Rose and Fulbright; Rom Medina: City of Calipatria; Nick Wells: City of Holtville

**I. CALL TO ORDER AND ROLL CALL**

Meeting was called to order by Chair Plancarte at 5:30 p.m. and roll call was taken.

**II. EMERGENCY ITEMS**

A motion was made by [Predmore](#) and seconded by [Nava-Froelich](#) to add an agenda item to the Action Calendar as Action item A2: *Local Transportation Authority Debt Management Policy*, **Motion carried unanimously**

**III. PUBLIC COMMENTS**

There was no public comment.

**IV. CONSENT CALENDAR**

A. A motion was made by [Predmore](#) and seconded by [Kelley](#) to approve the Consent Calendar, **Motion Carried**, with one abstention.

**V. REPORTS**

A. Executive Director Report  
- A complete report was on page 4 of the agenda.

**VI. ACTION CALENDAR**

A. Approval and Adoption of the 2018 Local Transportation Authority Bond Financing and Debt Management Policy  
Ms. Vargas and Mr. Hunt presented this item to the LTA Board. Included in the back-up were the approvals and pledge agreements from the three agencies: City of Calexico, Holtville and Calipatria.

1. “Resolution Authorizing the issuance and sale of not to exceed \$17,400,000 Aggregate principal amount of Imperial County Local Transportation Authority Sales Tax Revenue Bonds in one or more series, approval of supplemental indentures, a purchase contract, a continuing disclosure agreement, pledge agreements and Preliminary Official Statement, and authorizing official actions and execution of documents related thereto”

A motion was made by [Nava-Froelich](#) and seconded by [Predmore](#), Motion Carried **Unanimously**.

2. Approved and adopted the Local Transportation Authority Debt Policy

A motion was made by [Nava-Froelich](#) and seconded by [Tucker](#), Motion Carried **Unanimously**.

**B. Continuing Resolution for the FY 2017-18 Local Transportation Authority (LTA) Budget**

The ICTC Management Committee met on June 13, 2018 and forwarded this item to the LTA Board for review and approval after public comment, if any.

1. Authorized the Chairman to sign the continuing resolution in order to pay expenditures of the LTA prior to the adoption of the Budget for Fiscal Year 2018-19, at the levels set by the Budget for Fiscal Year 2017-18 (adopted on June 28, 2017).

A motion was made by [Nava-Froelich](#) and seconded by [Tucker](#), Motion Carried **Unanimously**.

**C. LTA 1% Administrative Budget Resolution Amending the Measure D Expenditure Plan**

The ICTC Management Committee met on June 13, 2018 and forwarded this item to the LTA Board for review and approval after public comment, if any.

1. Directed staff to conduct the administrative requirements for a public hearing on July 25, 2018 at 6:00PM for the purpose of attaining public comment on the LTA 1% Administrative Budget Resolution Amending the Measure D Expenditure Plan.

A motion was made by [Nava-Froelich](#) and seconded by [Cardenas](#), Motion Carried **Unanimously**.

**D. Additional Fund Request to the Local Transportation Authority (LTA) – Traffic Control Assistance for Southbound Peak Traffic on State Route 111-Imperial Avenue to the Downtown Calexico West Port of Entry**

The City of Calexico has made a second request to the LTA for funds from the regional highway set-aside for traffic control staff assistance on State Route 111/Imperial Avenue, for southbound traffic leading to the Downtown Calexico West Port of Entry (POE). The City’s request for \$150,000 is for one additional year for a total three year request of \$450,000. The previous \$300,000 for Fiscal Years 2016-17 and FY 2017-18 has been expensed.

The proposed request is a short-term solution to a longer term need as the federal government is under construction to expand the POE in 2018. In 2018, traffic will use SR-111/Imperial Avenue and Cesar Chavez Boulevard to access the Calexico West POE. The City is committed to work with all local, state and federal stakeholders to analyze and evaluate traffic control measures for the phased opening of the Phase 1 construction of the Calexico West POE. Additionally, the City will soon begin construction of the Cesar Chavez

Blvd. Widening project, and a multi-agency Traffic Circulation Plan led by ICTC is underway to develop short and long term traffic management strategies.

The ICTC Management Committee met on June 13, 2018 and discussed the request from the City of Calexico at length and formed an opinion that no future requests be approved for the City of Calexico after this one.

The ICTC Management Committee met and forwarded this item to the LTA Board for review and approval after public comment, if any.

1. Approved the allocation for additional funding needed in the amount of \$150,000 for one additional year from the 5% Highway set-aside from the Measure D allocations.
2. Authorized the Chairman to sign a one-year extension for FY 2018-19 to the Memorandum of Understanding (MOU) between the City of Calexico and the Imperial County Local Transportation Authority.

A motion was made by [Nava](#) and seconded by [Nava-Froelich](#), Motion Carried **Unanimously**, with the caveat that the Management Committee recommendation be honored.

E. Additional Fund Request to the Local Transportation Authority (LTA) – Security Services at the El Centro 7<sup>th</sup> and State Streets Bus Transfer Terminal

The City of El Centro has made a request for \$90,000 in funds for a second year to assist with security services at the 7<sup>th</sup> and State Street Transfer Terminal in El Centro. Passengers using the bus terminal have complained about their ability to safely use the terminal due to excessive loitering, vandalism, the appearance of drug use/transactions and other violent crimes. Due to the presence of the security officers, in the past year the complaints have decreased significantly.

The ICTC Management Committee met on June 13, 2018 and discussed the request from the City of El Centro at length and formed an opinion that ICTC staff work with agencies to develop a security plan for all transit centers. Mr. Plancarte concurred with the request. Mr. Kelley stated that this be the last request on this issue.

The ICTC Management Committee met and forwarded this item to the LTA Board for review and approval after public comment, if any.

1. Approved the allocation for funding needed in the amount of \$90,000 for one additional year for the City of El Centro for security services at the 7<sup>th</sup> and State Street transfer terminal, from the LTA 2% Transit set-aside from the Measure D allocations.
2. Authorized the Chairman to sign a one year extension for FY 2018-19 to the Memorandum of Understanding (MOU) between the City of El Centro and the Imperial County Local Transportation Authority.
3. Directed staff to work with all agencies to develop a plan for security of transit centers.

A motion was made by [Nava](#) and seconded by [Nava-Froelich](#), **Motion Carried** with one abstention from El Centro.

## VII. ADJOURNMENT

- A. Meeting Adjourned at 6:27 p.m. Motion and second by [Nava/Amparano](#).

# V. REPORTS

## REPORTS

### A. LTA Executive Director Report

**BRAWLEY**

**CALIPATRIA**

**HOLTVILLE**

**WESTMORLAND**



**CALEXICO**

**EL CENTRO**

**IMPERIAL**

**IMPERIAL COUNTY**

# Memorandum

**Date:** July 20, 2018  
**To:** Local Transportation Authority  
**From:** Mark Baza, Executive Director  
**Re:** Executive Director's Report

---

The following is a summary of the Executive Director's Report for the LTA meeting of July 25, 2018:

1. 2012 LTA Bond Projects:

The following lists the remaining funds for the LTA 2012 Bond as of June 30, 2018.

- a. The City of Calexico has turned in a requisition in the amount of \$537,694.82 and is being reviewed currently by ICLTA staff. The City of Calexico is also working on a 2018 Street Improvement Project. Construction began May 2018 and is expected to be completed late October 2018. The remaining bond proceeds will be used for this project.
- b. The City of Brawley has stated that they are working on a Phase XI project that will conclude in September 2018. The remaining bond proceeds will be used for this project.

Original Bond Funds	
Brawley	\$8,155,000
Calexico	\$15,410,000
Calipatria	\$2,305,000
Imperial	\$6,170,000
County	\$21,935,000

Remaining Bond Funds*		% Spent
Brawley	\$2,010,827.99	75%
Calexico	\$3,219,547.65	79%
Calipatria	\$0	100%
Imperial	\$0	100%
County	\$0	100%

\*Remaining Project Bond funds according to bank statements dated 6/30/2018

2. 2018 LTA Bond Approval:

At the June 27, 2018 board meeting, the LTA Board approved and adopted the 2018 Local Transportation Authority Bond Financing resolution.

- a. The resolution authorizes the issuance and sale of not to exceed \$17,400,000 aggregate principal amount of Imperial County Local Transportation Authority Sales Tax Revenue Bonds.
- b. Participating agencies are the Cities of Calexico, Calipatria and Holtville.
- c. Closing of the Bond is scheduled for late August. See attachment for full schedule.

3. FY 2016-17 Audit - Member Agency Coordination and Documentation:

- a. The LTA Oversight Committee met on July 10, 2018 and the ICTC Management Committee met on July 11, 2018 to review and discuss the City of Westmorland Audit.
- b. The draft audit will be presented by the auditor (VTD) to the ICLTA on July 25, 2018.

**1503 N. Imperial Ave., Suite 104, El Centro, CA 92243**  
**Phone: (760) 592-4494, Fax: (760) 592-4410**





**Imperial County Local Transportation Authority  
Sales Tax Revenue Bonds  
(Limited Tax Bonds) Series 2018**

Time and Responsibility Schedule  
As of July 6, 2018

MAY 2018					JUNE 2018					JULY 2018					AUGUST 2018												
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5						1	2	1	2	3	4	5	6	7				1	2	3	4
6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14	5	6	7	8	9	10	11
13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21	12	13	14	15	16	17	18
20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28	19	20	21	22	23	24	25
27	28	29	30	31	24	25	26	27	28	29	30	29	30	31	26	27	28	29	30	31							

- Calexico Council Meeting – 1st & 3rd Wednesday at 6:30 pm
- Calipatria Council Meeting – 2nd & 4th Tuesday at 6:00 pm
- Holtville Council Meetings – 2nd & 4th Monday at 6:00 pm
- LTA Board Meeting – 4th Wednesday at 6:00 pm
- Federal Holiday

Date	Task	Responsibility	Status
<b>JANUARY</b>			
Wednesday, Jan. 10	LTA Meeting with Cities and County	I/UW/BC/DC	X
Wednesday, Jan. 24	LTA Meeting – Information Item Present to Board	I/UW/BC/DC	X
<b>FEBRUARY/MARCH</b>			
Various Dates	Individual discussion/analysis with potential participants	I/UW/BC/DC	X
<b>APRIL</b>			
Ongoing	Individual discussions/analysis with potential participants	I/UW/BC/DC	X
Thursday, Apr. 12	Financing Team Conference Call	ALL	X
Wednesday, Apr. 18	Agenda deadline for City of Holtville Council Meeting	I/UW	X
Friday, Apr. 20	Distribute Draft of legal and financing documents	BC/DC/UC	X
Monday, Apr 23	City of Holtville – Presentation to Council	I/UW/BC	X
Wednesday, Apr 25	Imperial LTA Board Meeting	I/BC/UC	X
Wednesday, Apr. 25	MEETING/CONFERENCE CALL @ 3 PM TO DISCUSS LEGAL AND FINANCING DOCUMENTS		X
<b>MAY</b>			
Wednesday, May 2	City of Calexico – Presentation to Council	I/UW/BC	X
Wednesday, May 4	Distribute Revised drafts of legal and financing documents	BC/DC/UC	X
Tuesday, May 8	City of Calipatria – Presentation to Council	I/UW/BC	X
Wednesday, May 9	Distribute Revised drafts of legal and financing documents	BC/DC/UC	X
Thursday, May 24	Submit Draft Financing Documents to City of Calexico for June 6 Council Meeting	BC	X
Wednesday, May 30	Financing Team Conference Call to Discuss Financing Schedule and Documents for Review	ALL	X
Thursday, May 31	Revised Legal Documents and financing documents	BC/DC/UC	X
<b>JUNE</b>			

Date	Task	Responsibility	Status
Monday, June 4	Conference Call to Review Preliminary Official Statement and Legal documents	ALL	X
Tuesday, June 5	Submit Draft Financing Documents to City of Holtville for June 11 Council Meeting	BC	X
Wednesday, June 6	City of Calexico – Council Approval of Draft Financing Documents	I/UW/BC	X
Monday, June 11	City of Holtville – Council Approval of Draft Financing Documents	I/UW/BC	X
Tuesday, June 19	Submit Draft Financing Documents to City of Calipatria for June 26 Council Meeting	BC	X
Wednesday, June 20	Financing Team Conference Call to Discuss Financing Schedule and Documents for Review -9:30 am	ALL	X
Thursday, June 21	Deadline to submit Agenda items for LTA Board Meeting held on Wednesday, June 27	I/BC/DC	X
Tuesday, June 26	City of Calipatria – Council Approval of Draft Financing Documents	I/UW/BC	X
Wednesday, June 27	<b>LTA Board Meeting @ 6:00 pm to:</b> <ul style="list-style-type: none"> <li>• <b>Approve Resolution of Issuance</b></li> <li>• <b>Approve Legal and Financing Documents</b></li> <li>• <b>Approve POS</b></li> </ul>	<b>I, B, UW, BC</b>	X
<b>JULY</b>			
Thursday, July 12	Distribute Draft of Credit/Rating Presentation	UW	
Wednesday, July 18	Submit credit packages to Rating Agency and Bond Insurers	UW	
Wednesday, July 18	Meeting/Conference Call to Review Credit Presentation	ALL	
Thursday, July 19	Distribute Revised draft of the Credit Presentation	UW	
Monday, July 23	MEETING/CONFERENCE CALL @ TBD FOR FINAL “WALK THROUGH” OF CREDIT PRESENTATION	ALL	
Tuesday, July 24	Credit Presentation/Conference Call	I, B, UW	
Friday, July 27	Distribution of Due Diligence Questionnaire	UC	
<b>AUGUST</b>			
Friday, August 3	Receive Credit Ratings/Insurance Commitment (if any)	I, UW	
Monday, August 6	Due Diligence Conference Call (Time: TBD)	ALL	
Monday, August 6	Final Sign Off Call For Preliminary Official Statement (Time TBD)	I, UW	
Monday, August 6	Post & Distribute the Preliminary Official Statement	DC	
Wednesday, August 15	Preliminary Pricing Call	I, B, UW	
Thursday, August 16	Final Pricing Call	I, B, UW	
Thursday, August 16	Sign Bond Purchase Contract	I, UW	
Tuesday, August 21	Post and Distribute the Final Official Statement	DC	
Tuesday, August 28	Pre-closing	ALL	
Wednesday, August 29	Closing	ALL	

Key:

- I: Issuer- Imperial County Local Transportation Authority
- B: Borrowers- Calexico, Calipatria & Holtville
- BC/DC: Bond and Disclosure Counsel – Norton Rose Fulbright
- UW: Underwriter - Ramirez & Co.
- UC: Underwriter’s Counsel – Nixon Peabody
- T: Trustee – BNY Mellon

## **VI. ACTION CALENDAR**

A. Public Hearing: Adoption of the Resolution Amending the Measure D Expenditure Plan and adoption of the FY 2018-19 LTA 1% Administrative Budget

*Brawley*

*Calipatria*

*Holtville*

*Westmorland*



Local Transportation Authority

*Calexico*

*El Centro*

*Imperial*

*County of Imperial*

July 20, 2018

Luis Plancarte, Chairman  
Local Transportation Authority  
1503 N. Imperial Ave., Suite 104  
El Centro, CA 92243

SUBJECT: Public Hearing: the Adoption of the Resolution Amending the Measure D Expenditure Plan and adoption of the FY 2018-19 LTA 1% Administrative Budget

Dear Authority Members:

The administrative oversight and the daily responsibilities for the LTA are provided by staff of the Imperial County Transportation Commission (ICTC). LTA revenue is provided for the expenses incurred.

Section 8 of the existing LTA Ordinance's Expenditure Plan, currently provides that revenues may be expended by the Authority for salaries, wages, benefits, overhead, and those services including contractual services necessary to administer the Ordinance; however, in no case shall such expenditures exceed one percent (1%) of the annual revenues provided by the Measure.

The largest expenses for the LTA have been and continue to be: 1) Staffing and Support services provided by ICTC staff; 2) Independent CPA audit services; and, 3) the allocation of facility and equipment rent/lease.

After an increase in revenue which peaked in Fiscal Year (FY) 2014-15, the revenue available for the 1% administrative budget has been declining back to approximately FY 2012-13 levels. For FY 2018-19, the annual expense exceeds the 1% administrative revenue forecast, and a remedy has been sought.

Legal counsel assisted staff in a review of other Self Help county ordinances and determined that several other counties limit the 1% administrative expense strictly to staff salaries and benefits. The remaining reasonable expense attributed to categories including but not limited to; rent, office expense, audit fees, etc. is funded at the full expense from the total annual revenues allocated to the LTA.

In addition, the Public Utilities Code subsection 180109(b) provides that the Authority shall not expend more than 1% of the funds generated for salary and benefits of its staff, but does not set a particular limit on the other reasonable costs of administration.

Section 10 of the LTA's Ordinance's Expenditure Plan provides that the Expenditure Plan may be amended to further its purposes by ordinance or resolution, passed by roll call vote entered in the minutes, with two-thirds of the Authority, or six board members concurring.

**1503 N. Imperial Ave., Suite 104, El Centro, CA 92243**  
**Phone: (760) 592-4494, Fax: (760) 592-4410**

Upon approval of the proposed resolution for amendment, the fiscal impact to the member agencies in the FY 2018-19 budget is estimated at a \$45,000 decrease in annual LTA revenues available region wide that are distributed amongst the member agencies. In anticipation of approval of the resolution by the LTA Board after the requisite public hearing, a corresponding FY 2018-19 1% Administrative Budget is attached, illustrating the summary of revenues and expenditures.

If the resolution is not approved, the fiscal impact would have to be borne by the other non-LTA programs and services provided by ICTC. All administrative expenses are documented in each annual 1% budget presentation for review by the LTA.

As directed by the LTA Board on June 27, 2018, staff has scheduled the public hearing on this matter for the upcoming full LTA Board meeting on July 25, 2018, with the requisite ten-day publication of notice pursuant to Government Code section 6062. If the amendment is then approved by the resolution, staff would send notification to the County Board of Supervisors and to each City Council, providing them with a copy of the amendment, which would become effective 45 days after the notice is given.

With Management Committee concurrence from July 11, 2018, the LTA Executive Director forwards the following recommendation(s) to the Authority after the review of public comment, if any:

1. Conduct the public hearing on July 25, 2018 at 6:00PM for the purpose of attaining public comment on the LTA 1% Administrative Budget Resolution Amending the Measure D Expenditure Plan.
2. Authorize the chairman to sign the resolution of the LTA amending the 1% administrative services by amending the Ordinance's Section 8 Expenditure Plan.
3. Approve the 1% administrative services budget for the LTA for FY 2018-19.

Sincerely,



MARK BAZA  
Executive Director

Attachment

MB/ksw\cl

**RESOLUTION OF THE IMPERIAL COUNTY LOCAL TRANSPORTATION  
AUTHORITY AMENDING THE MEASURE D EXPENDITURE PLAN**

**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, the Imperial County Local Transportation Authority (hereinafter “LTA” or “Authority”) was created by the Imperial County Board of Supervisors in 1989 with the concurrence of a majority of the cities having a majority of the population in the incorporated area of the County to administer a local option sales tax, namely, the Imperial County Local Transportation Authority Retail Transactions and Use Tax Ordinance and Expenditure Plan, commonly called Measure D (hereinafter “Ordinance” or “Measure”), attached hereto as **Exhibit “A”**, as adopted by the electorate on November 7, 1989 and readopted on November 4, 2008; and

**WHEREAS**, LTA by-laws section 3 and Ordinance section 3 provide that LTA is governed by, and the Ordinance enacted pursuant to, the Local Transportation Authority and Improvement Act of 1987 codified at Division 19 (sections 180000-180264) of the Public Utilities Code; and

**WHEREAS**, the Ordinance’s Expenditure Plan section 8 currently provides that revenues may be expended by the Authority for salaries, wages, benefits, overhead, and those services including contractual services necessary to administer the Ordinance; however, in no case shall such expenditures exceed one percent (1%) of the annual revenues provided by the Measure; and

**WHEREAS**, in order to ensure that the cost of administration, implementation, and oversight of the Measure are not borne by other programs and sources, such as Transportation Development Act-funded programs, any funds necessary for administrative, implementation, and oversight of the Ordinance and Expenditure Plan should be paid by Measure revenues; and

**WHEREAS**, Public Utilities Code subsection 180109(b) provides that the Authority shall not expend more than 1 percent of the funds generated for salary and benefits of its staff but does not set a particular limit on other reasonable costs of administration; and

**WHEREAS**, ordinances for Santa Barbara, Santa Cruz, Contra Costa, Stanislaus, and San Joaquin LTAs currently provide that revenues may be expended for salaries, benefits, overhead, technical, auditing, legal, and other contractual services; however, pursuant to Public Utilities Code subsection 180109(b), in no event shall an amount exceeding one percent (1%) of the annual revenue go towards paying the administrative salaries and benefits of staff; and

**WHEREAS**, the Ordinance’s Expenditure Plan section 10 provides that the Expenditure Plan may be amended to further its purposes by ordinance or resolution, passed by roll call vote entered in the minutes, with two-thirds of the Authority concurring; and

**WHEREAS**, Public Utilities Code section 180207 provides that the Authority shall notify the board of supervisors and the city council of each city in the county and provide them



with a copy of the proposed amendments, and the proposed amendments shall become effective 45 days after notice is given; and

**WHEREAS**, LTA desires to amend Ordinance’s Expenditure Plan section 8 to be congruent with and not more restrictive than Public Utilities Code section 180109.

**WHEREFORE, THE IMPERIAL COUNTY LOCAL TRANSPORTATION AUTHORITY RESOLVES AS FOLLOWS:**

1. Section 8 of the Ordinance’s Expenditure Plan is deleted and replaced by the following:

“**SECTION 8. Administrative Expenses.** For purposes of this Expenditure Plan, “Administrative expenses” shall mean salaries and benefits of staff. Revenues provided by the Measure may be expended by the Authority for salaries and benefits of staff (administrative expenses); rents, publication of legal notices and agendas, membership fees, office expenses, utilities, and other overhead; and technical, auditing, legal, and those other services including contractual services necessary to administer the Ordinance; however, pursuant to Public Utilities Code subsection 180109(b), in no event shall an amount exceeding one percent (1%) of the annual revenues provided by the Measure go towards paying salaries and benefits of staff (administrative expenses). Costs of performing or contracting for project related work shall be paid from the revenues allocated to the appropriate purpose as set forth in Section 4 herein.”

2. Except as provided herein, the terms of the Ordinance and Expenditure Plan are confirmed in all respects and shall continue in full force and effect.
3. Subsequent to the passage of this Resolution, LTA staff shall send notification to the Board of Supervisors and the city council of each city in the county and provide them with a copy of the amendments, which shall become effective 45 days after notice is given.

**PASSED AND ADOPTED** by the Local Transportation Authority after a public hearing duly noticed pursuant to Government Code section 6062, with two-thirds of the Authority concurring, County of Imperial, State of California, this \_\_\_\_\_ day of \_\_\_\_\_, 2018 by the following roll call vote:

---

Chairman of the LTA

ATTEST:

---

Cristi Lerma  
Clerk of the Authority

**NOTICE OF PUBLIC HEARING**

The administrative oversight and the daily responsibilities for the Imperial County Local Transportation Authority (ICLTA) are provided by staff of the Imperial County Transportation Commission (ICTC). LTA revenue is provided for the administrative expenses incurred annually.

The existing ICLTA Ordinance's Expenditure Plan Section 8 currently provides that revenues may be expended by the Authority for salaries, wages, benefits, overhead, and those services including contractual services necessary to administer the Ordinance; such that in no case shall such expenditures exceed one percent (1%) of the annual revenues provided by the Measure.

However, the annual revenues available for the 1% administrative budget have been declining, the annual expense now exceeds the 1% administrative revenue forecast for FY 2018-19, and a remedy has been sought.

The Public Utilities Code subsection 180109(b) provides that the Authority shall not expend more than 1 percent of the funds generated for salary and benefits of its staff, but does not set a particular limit or the other reasonable costs of administration.

The ICLTA is considering amending the ICLTA's Ordinance's Expenditure Plan so that it is not more restrictive than the Public Utilities Code Section 180109.

The ICLTA's Ordinance's Expenditure Plan Section 10 provides that the Expenditure Plan may be amended to further its purposes by ordinance or resolution, passed by roll call vote entered in the minutes, with two-thirds of the Authority, or at least six members, concurring.

The ICLTA desires to conduct a public hearing on this matter. The public hearing will be conducted on:

Wednesday July 25, 2018 at 6:00 PM  
Imperial County Board of Supervisors' Chambers  
940 Main Street  
El Centro, CA 92243

In addition to presenting oral testimony at the hearing, people are invited to submit written or email comments. Please send your comments on or before 5:00PM on July 24th, 2018 to:

Cristi Lerma  
Secretary to the Board  
Imperial County Transportation Commission  
1503 N. Imperial Ave. Suite 104  
El Centro, CA 92243  
Cristilerma@imperialctc.org  
Jy15

L159



	Budget	Actuals	Posist	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	Estimated Budget	Estimated Actuals
	FY 2012-13	FY 2012-13	FY 2013-14	FY 2013-14	FY 2014-15	FY 2014-15	FY 2015-16	FY 2015-16	FY 2016-17	FY 2016-17	FY 2017-18	FY 2017-18	FY 2018-19	FY 2018-19
Revenues	\$ 140,000	\$ 150,872	\$ 151,000	\$ 190,678	\$ 185,300	\$ 149,869	\$ 155,800	\$ 147,246	\$ 153,032	\$ 148,661	\$ 138,286	\$ 150,666	\$ 196,219	\$ -
Expenditures	\$ 140,000	\$ 151,289	\$ 151,000	\$ 140,664	\$ 185,300	\$ 165,468	\$ 155,800	\$ 157,867	\$ 153,032	\$ 157,432	\$ 138,286	\$ 143,849	\$ 196,219	\$ -
Net	\$ -	\$ (417)	\$ -	\$ 50,014	\$ -	\$ (15,599)	\$ -	\$ (10,621)	\$ -	\$ (10,771)	\$ -	\$ 6,817	\$ -	\$ -

Notes:

1. Negative actual net balances are paid through fund balance (unrestricted). FY 2017-18 estimated actual net balance anticipated to be \$6,817
2. Budgets from FY 2015-16 through FY 2017-18 have been prorated with LTA administration not expensed the full share of program cost for rent, utilities, office expenses and staff salaries/benefits.
3. FY 2018-19 proposed budget is comprised of salaries and benefits of \$70,227 with is full share of LTA program's cost
4. Should the additional revenue not be realized, then the other ICTC programs will require budget adjustments to absorb these LTA programmatic expenses



Budget Worksheet For Fiscal Year 2018-2019		Page 1		
Org Key:	7416001			
Dept:	Local Transportation Authority 1 % Administration			
Director:	N/A			
Object	Description	Budget 2018	Estimated Actual 2018	Budget Request 2019

**REVENUES**

430000	Interest Pooled Money	\$ 1,286	\$ 1,103	\$ 1,200
402000	Sales and Use Tax	\$ 137,000	\$ 149,563	\$ 195,019
446445	State-Other Revenue	\$ -	\$ -	\$ -
474005	LTA 5%	\$ -	\$ -	\$ -
491045	Other Refunds & Reimbursements	\$ -	\$ -	\$ -
491115	Contribution From SCAG	\$ -	\$ -	\$ -
493000	Reimbursement for Services Provided	\$ -	\$ -	\$ -
491056	Overhead Charge Refund	\$ -	\$ -	\$ -
		<b>\$ 138,286</b>	<b>\$ 150,666</b>	<b>\$ 196,219</b>

**EXPENDITURES**

501000	Permanent Salaries			
501145	Redemption of Benefits			
501150	Social Security-Medicare			
502000	County Contr Retirement			
502005	Ins-Workers Comp			
502010	Ins-Unemployment			
502015	Group Insurance			
502020	Ins Dental/Vision			
502040	Retirement-Pension Bond			
502045	Retirement-Health Plan			
		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
514000	Communications - Phone charges	\$ 320	\$ 344	\$ 350
514015	Communications - Cell Phone	\$ 370	\$ 359	\$ 530
514020	Communications - Services	\$ -	\$ -	\$ -
517055	insurance Liability	\$ -	\$ -	\$ -
		<b>\$ 690</b>	<b>\$ 703</b>	<b>\$ 880</b>
page totals		<b>\$ 690</b>	<b>\$ 703</b>	<b>\$ 880</b>

Budget Worksheet For Fiscal Year 2018-2019		Page 2		
Org Key:	7418001			
Dept:	Local Transportation Authority 1 % Administration			
Director:	N/A			
Object	Description	Budget 2018	Estimated Actual 2018	Budget Request 2019

519038	Fuel Expense	\$ -	\$ -	\$ -
519045	Maintenance Expense	\$ -	\$ -	\$ -
520000	Maint Structures Improv, Grounds	\$ -	\$ -	\$ -
522000	Memberships	\$ 2,800	\$ 2,800	\$ 2,800
524000	Office Expense	\$ 800	\$ 893	\$ 1,000
524003	Disaster and Emergency expense	\$ -	\$ -	\$ -
524040	Tuition reimbursement	\$ -	\$ -	\$ -
525010	Professional & Special Services	\$ 47,684	\$ 52,000	\$ 90,603
525020	Prof & Spec Svs Data Pro	\$ -	\$ -	\$ -
525030	Prof and Spec Services - Other	\$ -	\$ -	\$ -
525070	Overhead reimbursement	\$ -	\$ -	\$ -
525090	Prof & Spec Svs Audits	\$ 79,100	\$ 79,040	\$ 84,000
525225	Prof Services Auditor-Controller	\$ -	\$ -	\$ -
526000	Publ and Legal Notices	\$ -	\$ -	\$ 500
527000	Rents & Leases Equipment	\$ 1,140	\$ 733	\$ 1,178
528000	Rents and Leases	\$ 6,072	\$ 7,680	\$ 8,858
530005	Special Dept Expense	\$ -	\$ -	\$ -
531000	Travel-In Cnty Private Car	\$ -	\$ -	\$ -
531005	Travel-In Cnty County Car	\$ -	\$ -	\$ -
531010	Travel Out of Cnty Private Car	\$ -	\$ -	\$ -
531015	Travel Out of Cnty Cnty Car	\$ -	\$ -	\$ -
531020	Travel Out of Cnty Airfare	\$ -	\$ -	\$ -
531030	Travel-Out of Cnty Meals	\$ -	\$ -	\$ -
531035	Travel Out of Cnty Registratr	\$ -	\$ -	\$ -
531040	Travel Out of Cnty Misc	\$ -	\$ -	\$ -
549000	Equipment	\$ -	\$ -	\$ 6,400
550000	Structures & Improvements	\$ -	\$ -	\$ -
page totals		<b>\$ 137,596</b>	<b>\$ 143,146</b>	<b>\$ 195,339</b>
Revenues		<b>\$ 138,286</b>	<b>\$ 150,666</b>	<b>\$ 196,219</b>
Expenditures		<b>\$ 138,286</b>	<b>\$ 143,849</b>	<b>\$ 196,219</b>
Net		<b>\$ -</b>	<b>\$ 6,816</b>	<b>\$ 0</b>

# **VI. ACTION CALENDAR**

**B. Adoption of the Imperial County Local Transportation Authority Annual Financial Audit - Westmorland Fiscal Year ended June 30, 2017**

***Brawley***  
***Calipatria***  
***Holtville***  
***Westmorland***



Local Transportation Authority

***Calexico***  
***El Centro***  
***Imperial***  
***County of Imperial***

July 20, 2018

Luis Plancarte, Chairman  
Local Transportation Authority  
1503 N. Imperial Ave., Suite 104  
El Centro, CA 92243

**SUBJECT:** Adoption of the Imperial County Local Transportation Authority Annual Financial Audit – Westmorland, Fiscal Year Ended June 30, 2017

Dear Authority Members:

According to Section VIII of the ordinance dated July 1, 1989, the Local Transportation Authority (LTA) must conduct fiscal audits of its financial activities on an annual basis. The ordinance states: “*An annual independent audit shall be conducted to assure that the revenues expended by the Authority under this section are necessary and reasonable in carrying out its responsibility under the Ordinance.*”

Financial reports for the cities and the County which were previously approved by the LTA Board can be found on the ICTC website at <http://www.imperialctc.org/about-lta/financial-reports/>

Attached, please find the following annual financial report performed by the CPA firm, Vavrinek Trine and Daly (VTD), CPA: *LTA Annual Financial Report - Westmorland for fiscal year ended June 20, 2017.*

The LTA Local Taxpayer Supervising Committee (LTSC) “Oversight Committee” met on July 10, 2018. During the meeting, the VTD audit team indicated that “...*Due to the audit being incomplete, the auditor has formed a disclaimed opinion which means that an opinion on the financial statements cannot be rendered due to the significant material weaknesses described in the findings...*”.

Subsequent comments and recommendations by the LTSC for the Board consideration are summarized as follows:

1. Require the City of Westmorland to provide a timeline for the completion of further audit findings, and;
2. Effective July 1, 2018, direct LTA staff to either:
  - a) Withhold LTA funds from the agency until completion of an audit; or
  - b) Allocate LTA funds through a claim/reimbursement process only until completion of an audit.

***1503 N. Imperial Ave., Suite 104, El Centro, CA 92243***  
***Phone: (760) 592-4494, Fax: (760) 592-4410***

Luis Plancarte, Chairman  
Local Transportation Authority

(2)

July 20, 2018

With concurrence of the ICTC Management Committee on July 11, 2018, the Executive Director forwards the following recommendations to the LTA Board for review and approval, after receipt of public comment, if any:

1. Receive, Approve and File the FY 2016-17 Imperial County Local Transportation Authority Annual Financial Audit for the City of Westmorland.
2. Request that the City of Westmorland to provide a timeline for the completion of the further audit findings.
3. Direct staff to allocate LTA funds for the City of Westmorland through a claim/reimbursement process only until completion of an audit, effective July 1, 2018.

Sincerely,



MARK BAZA  
Executive Director

MB/ksw/cl

Attachment

CITY OF WESTMORLAND, CALIFORNIA

Measure D Sales Tax Fund  
For the Year Ended June 30, 2017

TABLE OF CONTENTS

DRAFT COPY 07/02/18

	Page
<b>Independent Auditors' Report</b>	1
<b>Financial Statement</b>	
Statement of Revenues and Allowable Expenditures	3
Notes to the Financial Statements	4
<b>Other Reports</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> and <i>Measure D     Compliance Requirements</i>	6
Schedule of Findings and Responses	8
Schedule of Prior Year Finding	10
<b>Other Information</b>	
Schedule of Assets, Liabilities and Fund Balance	11
Schedule of Revenues, Expenditures and Changes in Fund Balance	12
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual	13
Reconciliation of the Schedule of Revenues, Expenditures and Changes in Fund Balance To the Statement of Revenues and Allowable Expenditures	14
Five Year Program of Projects	15

*DRAFT COPY 07/02/18*

**FINANCIAL STATEMENT**

CITY OF WESTMORLAND, CALIFORNIA  
MEASURE D SALES TAX FUND

DRAFT COPY 07/02/18

STATEMENT OF REVENUES AND ALLOWABLE EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2017

Revenues:		
Sales tax revenue		\$ 285,741
Interest revenue		<u>58</u>
Total Revenues		<u>285,799</u>
Expenditures:		
Current:		
Road repairs and maintenance		<u>50,697</u>
Excess revenues over allowable expenditures		<u>\$ 235,102</u>

See accompanying notes to the financial statements.



*DRAFT COPY 07/02/18*

**NOTES TO THE FINANCIAL STATEMENTS**

**CITY OF WESTMORLAND, CALIFORNIA  
MEASURE D SALES TAX FUND**

**DRAFT COPY 07/02/18**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

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

*Imperial County Local Transportation Authority*

The Imperial County Local Transportation Authority (the Authority) was created to implement the Imperial County Local Transportation Authority Retail Transactions and Use Tax Ordinance which was adopted by the electorate on November 4, 2008. The tax is imposed in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Division 19 of the Public Utilities Code (Code Section 180000). The purpose of this ordinance was to allow the Authority to issue bonds payable from the enactment of a one half of one percent sales tax for a period of forty years. The proceeds of this tax are first allocated to the monthly debt service payments of the bonds, then to the County of Imperial and the member agencies for local street road purposes. Also, a portion of the tax revenues would be used for administration, transit services, and state highway purposes.

The funds that are generated by implementation of the Imperial County Transportation Authority Retail Transactions and Use Tax Ordinance are intended to supplement and not to replace existing local revenues used for transportation purposes.

The Authority consists of the following member agencies:

- 1) City of Brawley
- 2) City of Calexico
- 3) City of Calipatria
- 4) City of El Centro
- 5) City of Holtville
- 6) City of Imperial
- 7) City of Westmorland
- 8) County of Imperial

The members of the Board of the Authority consist of one member of the City Council of each incorporated city of Imperial County and two members of the Board of Supervisors of Imperial County. The members serve staggered terms with no term exceeding a four year period. The chairman and vice-chairman of the Board of the Authority are elected annually in June.

*Compliance requirements of the Imperial County Local Transportation Authority*

Each member agency is required to comply with the By-Laws of the Imperial County Local Transportation Authority and the Imperial County Local Transportation Authority Retail Transactions and Use Tax Ordinance and Transportation Authority Expenditure Plan.

*Fund accounting*

Fund accounting is designed to demonstrate local compliance and to aid financial management by segregating transactions related to certain government functions or activities. The City of Westmorland has an established special revenue fund to account for revenues and expenditures related to Ordinance 1-2008.

**CITY OF WESTMORLAND, CALIFORNIA  
MEASURE D SALES TAX FUND**

**DRAFT COPY 07/02/18**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

**NOTE B – BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, the Measure D Sales Tax Fund presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses).

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measureable means the amount of the transaction can be determined and “available” means within the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, revenues are considered available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred.

Ordinance No. 1-2008, The Imperial County Local Transportation Authority Retail Transactions and Use Tax Ordinance and Expenditure Plan, between the City of Westmorland and the Imperial County Local Transportation Authority dated July 27, 2008 requires the schedule of revenues and allowable expenditures be reported in conformity with the terms of the agreement. The City uses the modified accrual basis of accounting to record the revenues and expenditures related to this ordinance.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE C – RESTRICTION OF NET REVENUES**

The revenues in excess of expenditures reported on the financial statement are restricted for future expenditures authorized by Ordinance No. 1-2008.

*DRAFT COPY 07/02/18*

**OTHER REPORTS**

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

Board of Directors  
Imperial County Local Transportation Authority  
El Centro, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of revenues and allowable expenditures of the Measure D Sales Tax Fund of the City of Westmorland, California (City), for the year ended June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated \_\_\_\_\_. Our report included an emphasis of matter stating that the financial statement of the Measure D Sales Tax Fund does not purport to, and does not, present fairly the financial statements of the City as of June 30, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2017-001 and 2017-002 that we consider to be material weaknesses.

DRAFT COPY 07/02/18

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statement of the Measure D Sales Tax Fund of the City is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements including the requirements of Measure D matters as specified in the Imperial County Local Transportation Authority Retail Transactions and Use Ordinance No. 1-2008 (Ordinance), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance, which is required to be reported under *Government Auditing Standards* and in accordance with the Ordinance and which is described in the accompanying schedule of findings and responses as item 2017-001.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Diego, California  
\_\_\_\_\_, 2018

**CITY OF WESTMORLAND, CALIFORNIA  
MEASURE D SALES TAX FUND**

**SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2017**

DRAFT COPY 07/02/18

**Finding 2017-001**

**ALLOCATION OF INTEREST EARNED ON MEASURE D CASH AND INVESTMENTS**

**Criteria:**

The *Imperial County Local Transportation Authority Retail Transactions and Use Tax Expenditure Plan (Plan)*, Section 9, states interest earned on funds allocated pursuant to this Ordinance shall be expended only for those purposes for which the funds were allocated.

**Condition:**

During our testing of revenues, it was noted that the City did not equitably allocate interest revenue to the Measure D Sales Tax Fund during the year.

**Context:**

As noted in item 2017-002 below, the City had accounts recorded that were not reconciled. In order to allocate interest from the City investment pool to participants, each participant's balance must be determined. Since the total balance is not reconciled, interest earned cannot be equitably allocated to participating funds.

**Effect:**

The City did not comply with Section 9 of the Plan.

**Cause:**

The City did not maintain policies and procedures to ensure interest revenue was equitably allocated to the Measure D Sales Tax Fund.

**Recommendation:**

We recommend that the City implement procedures to allocate interest revenue equitably to the Measure D Sales Tax Fund.

**View of Responsible Official and Planned Corrective Action:**

Corrective Action Plan:

The City has contacted an independent accountant to assist the City with tracking the interest earned on the Measure D monies, which will begin in early 2017.

**CITY OF WESTMORLAND, CALIFORNIA  
MEASURE D SALES TAX FUND**

**SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2017**

**DRAFT COPY 07/02/18**

**Finding 2017-002**

**BANK RECONCILIATIONS**

**Criteria:**

The City of Westmorland should ensure that bank reconciliations are performed timely and accurately.

**Condition:**

During our testing, we noted that monthly bank reconciliations for the City's pooled cash and investment accounts were only performed for one bank account. The remaining accounts were not reconciled.

**Context:**

The condition noted above was identified during testing of cash and investment balances.

**Effect:**

The City's internal control is weakened by not performing bank reconciliations for all cash balances.

**Cause:**

The City did not maintain procedures to ensure that the bank reconciliations were properly prepared and reviewed in a timely manner.

**Recommendation:**

We recommend strengthening procedures to ensure the bank reconciliations are performed and reviewed in a timely manner.

**View of Responsible Official and Planned Corrective Action:**

Corrective Action Plan:

The City's Treasurer and Clerk will be working with an independent accountant to better improve the City's bank reconciliation process.



**CITY OF WESTMORLAND, CALIFORNIA  
MEASURE D SALES TAX FUND**

**SCHEDULE OF PRIOR YEAR FINDINGS  
JUNE 30, 2017**

**DRAFT COPY 07/02/18**

<b><u>Finding No.</u></b>	<b><u>Description</u></b>	<b><u>Status</u></b>
2016-001	Allocation of Interest Earned on Measure D Cash and Investments	Partially Implemented, See Finding 2017-001
2016-002	Bank Reconciliations	Not Implemented, See Finding 2017-002
2016-003	Unallowable Expenditures	Implemented

DRAFT COPY 07/02/18

**OTHER INFORMATION**

CITY OF WESTMORLAND, CALIFORNIA  
MEASURE D SALES TAX FUND

SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE  
JUNE 30, 2017

DRAFT COPY 07/02/18

Assets:	
Cash and cash equivalents	<u>\$ 1,233,337</u>
Liabilities and Fund Balance:	
Liabilities:	
Accounts payable	<u>          136</u>
Fund Balance:	
Restricted:	
Road repairs and maintenance	<u>1,233,201</u>
Total Liabilities and Fund Balance	<u>\$ 1,233,337</u>

CITY OF WESTMORLAND, CALIFORNIA  
MEASURE D SALES TAX FUND

DRAFT COPY 07/02/18

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2017

Revenues:	
Sales tax	\$ 275,556
Interest	58
	<hr/>
Total Revenues	275,614
	<hr/>
Expenditures:	
Current:	
Road repairs and maintenance	50,697
	<hr/>
Net Change in Fund Balance	224,917
Restricted Fund Balance, Beginning of Year	1,008,284
	<hr/>
Restricted Fund Balance, End of Year	\$ 1,233,201
	<hr/> <hr/>

**CITY OF WESTMORLAND, CALIFORNIA  
MEASURE D SALES TAX FUND**

**DRAFT COPY 07/02/18**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance-Over (Under)</u>
Revenues:			
Revenues	\$ 278,200	\$ 275,556	\$ (2,644)
Interest	-	58	58
Total Revenues	<u>278,200</u>	<u>275,614</u>	<u>(2,586)</u>
Expenditures:			
Current:			
Road repairs and maintenance	<u>56,362</u>	<u>50,697</u>	<u>5,665</u>
Net Change in Fund Balance	221,838	224,917	3,079
Restricted Fund Balance, Beginning of Year	<u>1,008,284</u>	<u>1,008,284</u>	<u>-</u>
Restricted Fund Balance, End of Year	<u><u>\$ 1,230,122</u></u>	<u><u>\$ 1,233,201</u></u>	<u><u>\$ 3,079</u></u>

**CITY OF WESTMORLAND, CALIFORNIA  
MEASURE D SALES TAX FUND**

**DRAFT COPY 07/02/18**

**RECONCILIATION OF THE SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE TO THE STATEMENTS  
OF REVENUES AND ALLOWABLE EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2017**

Revenues:

Sales tax - Schedule	\$ 275,556
May and June 2016 sales tax received in 2016-2017	(42,404)
May and June 2017 sales tax received in 2017-2018	<u>52,589</u>
Sales tax - Statement of Revenues and Allowable Expenditures	<u><u>\$ 285,741</u></u>

**CITY OF WESTMORLAND, CALIFORNIA  
MEASURE D SALES TAX FUND**

**FIVE YEAR PROGRAM OF PROJECTS  
JUNE 30, 2017**

*DRAFT COPY 07/02/18*

<u>ROAD</u>	<u>FROM</u>	<u>TO</u>	<u>PROJECT DESCRIPTION</u>
S.Center Street	SR 86	Baughman Rd	Traffic Calming
N. Center Street	SR 86	7th Street	Rehabilitation
N. Center Street	7th Street	8th Street	Reconstruction
1st Street	S. Center Street	F Street	Rehabilitation
1st Street	S. Center Street	C Street	Maintenance
1st Street	H Street	G Street	Rehabilitation
2nd Street	G Street	S. Center Street	Maintenance
3rd Street	F Street	S. Center Street	Maintenance
5th Street	G Street	B Street	Maintenance
5th Street	H Street	west end of street	Repair/Maintenance
G Street	6th Street	7th Street	Rehabilitation
6th Street	F Street	N. Center Street	Reconstruct
6th Street	H Street	west end of street	Repair/Maintenance
7th Street	N.Center	H Street	Minor / Maint
7th Street	H Street	Martin Rd	Rehabilitation
7th Street	D Street	Center Street	Reconstruction
8th Street	J Street	H Street	Reconstruction
8th Street	Center Street	150' E. of D St.	Repair/Maintenance
B Street	SR86	7th Street	Reconstruction
B Street	3rd Street	SR86	Reconstruction
C Street	SR 86	7th Street	Repair/Maintenance
D Street	7th Street	8th Street	Repair/Maintenance
F Street	SR86	5th Street	Reconstruction
F Street	6th Street	7th Street	Reconstruction
G Street	SR 86	3rd Street	Rehabilitation
H Street	5th Street	SR 86	Reconstruction
H Street	7th Street	8th Street	Reconstruction
J Street	7th Street	8th Street	Repair/Maintenance
Jauregui Street	G Street	End of Cul-de-sac	Repair/Maintenance
Sundance	J Street	End of Cul-de-sac	Repair/Maintenance