

# **Imperial Valley Resource Management Agency**

El Centro, California

## **Financial Statements and Independent Auditors' Report**

*June 30, 2021*





# Imperial Valley Resource Management Agency

June 30, 2021

## Table of Contents

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	<u>Page</u>
<b>Independent Auditors' Reports:</b>	
<b>Report on the Financial Statements</b> .....	1
<b>Basic Financial Statements:</b>	
Statement of Net Position.....	7
Statement of Revenues, Expenses, and Changes in Net Position.....	8
Statement of Cash Flows.....	9
<b>Notes to the Basic Financial Statements</b> .....	13
<b>Supplementary Information:</b>	
Budgetary Comparison Schedules.....	19
Notes to Supplementary Information .....	20
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> .....	21

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of the Imperial Valley Resource Management Agency  
El Centro, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Imperial Valley Resource Management Agency (the "Agency"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency'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 financial position of the Agency, as of June 30, 2021, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

#### *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 Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' 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 opinion. 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 Agency'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 Agency'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***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such 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.

To the Board of Directors  
of the Imperial Valley Resource Management Agency  
El Centro, CA  
Page 3

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency’s basic financial statements. The Budgetary Comparison Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Budgetary Comparison Schedule 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule 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 May 31, 2024, on our consideration of the Agency’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 Agency’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 Agency’s internal control over financial reporting and compliance.

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San Diego, California  
May 31, 2024

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## **BASIC FINANCIAL STATEMENTS**

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**Imperial Valley Resource Management Agency**  
**Statement of Net Position**  
**June 30, 2021**

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**ASSETS**

**Current assets:**

Cash and cash equivalents	\$ 433,409
<b>Total current assets</b>	<u>433,409</u>
<b>Total assets</b>	<u>433,409</u>

**LIABILITIES**

**Current liabilities:**

Accounts payable	<u>12,758</u>
<b>Total current liabilities</b>	<u>12,758</u>
<b>Total liabilities</b>	<u>12,758</u>

**NET POSITION**

Restricted:

Used oil program	74,938
City-County program	<u>131,962</u>
<b>Total restricted</b>	<u>206,900</u>
Unrestricted	<u>213,751</u>
<b>Total net position</b>	<u>\$ 420,651</u>

**Imperial Valley Resource Management Agency**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2021**

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**OPERATING REVENUES:**

Memberships	\$ 441,360
Used oil program	46,091
<b>Total operating revenues</b>	487,451

**OPERATING EXPENSES:**

Operations and maintenance	80,132
Professional services	408,586
Other operating expenses	3,279
<b>Total operating expenses</b>	491,997

**OPERATING INCOME (LOSS)**

(4,546)

**NONOPERATING REVENUES (EXPENSES):**

Other revenues	336
<b>Total nonoperating revenues (expenses)</b>	336

**Income (loss)**

(4,210)

**CHANGES IN NET POSITION**

(4,210)

**NET POSITION:**

Beginning of year	424,861
End of year	\$ 420,651

**Imperial Valley Resource Management Agency**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2021**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from member agencies	\$	441,360
Cash received for services provided		105,619
Cash payments for operating goods and services		(518,250)
Cash paid for other costs		(3,279)
		25,450
<b>Net cash provided by (used in) operating activities</b>		<b>25,450</b>

**CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:**

Other non-capital revenues		336
		336
<b>Net cash provided by non-capital and related financing activities</b>		<b>336</b>
<b>Net change in cash and cash equivalents</b>		<b>25,786</b>

**CASH AND CASH EQUIVALENTS:**

Beginning of year		407,623
End of year	\$	433,409

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES:**

Operating (loss)	\$	(4,546)
Adjustments to reconcile operating income (loss) to net cash provided by/(used in) operating activities:		
(Increase) decrease in:		
Accounts receivable		59,528
Increase (decrease) in:		
Accounts payable		(29,532)
		29,996
Total adjustments		29,996
<b>Net cash provided by (used in) operating activities</b>	<b>\$</b>	<b>25,450</b>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**Imperial Valley Resource Management Agency**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Note 1 – Reporting Entity**

The Imperial Valley Resource Management Agency (the “Agency”) was formed in 2005 under the Joint Powers Agreements pursuant to Title 1, Division 7, Chapter 5 of the California Government Code, between the cities of Brawley, Calexico, Calipatria, El Centro, Holtville, Imperial and Westmorland, and the County of Imperial, all municipal corporations duly organized and existing under the laws of the State of California. The Agency provides coordination of economical and regional source reduction recycling of solid waste to meet the diversion requirements mandated by the California Integrated Waste Management Act of 1989 including the monitoring and reporting of source reduction recycling information. The Agency is governed by a Board consisting of nine directors chosen from the participating entities. During February 2020 under Resolution 20-07, administration of the Agency was transferred to Imperial Valley Transportation Commission.

**Note 2 – Summary of Significant Accounting Policies**

The basic financial statements of the Agency have been prepared in conformity 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 Agency’s accounting policies are described below.

***Basis of Accounting and Measurement Focus***

The basic financial statements include the Statement of Net Position, Statement of Revenues, Expenses and Change in Net Position, and Statement of Cash Flows.

The accompanying financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Agency’s assets and liabilities are included in the accompanying Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents the change 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. The financial statements are accounted for on a cost of services or "economic resources" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included on the Statement of Net Position. Their reported fund equity presents total net position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position.

***Use of Restricted/Unrestricted Assets***

When both restricted and unrestricted resources are available for use, it is the Agency’s policy to use restricted resources first, then unrestricted resources as they are needed.

***Cash and Cash Equivalents***

The Agency maintains cash and investments in the Imperial County Investment Pool. The Imperial County Investment Pool is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (“SEC”). These pooled funds are carried at costs which approximates fair value. Interest earned is deposited quarterly into participating funds. For further information regarding the Imperial County Investment Pool refer to the County of Imperial’s basic financial statements. Proceeds from the sale of bonds and amounts held for the repayment of principal and interest is held by a third-party fiscal agent. Funds held by the third-party fiscal agent are reported at fair value. The Agency considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

**Imperial Valley Resource Management Agency**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2021**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Net Position***

In the Statement of Net Position, net position is classified in the following categories:

***Restricted*** – This component of net position consists of restricted assets reduced by liabilities 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 and liabilities that are not included in the determination of the restricted component of net position.

***Net Position Flow Assumption***

Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

***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 statement. Actual results could differ from those estimates.

**Note 3 – Cash and Investments**

At June 30, 2021, the Agency has \$433,409 deposited in the Imperial County Investment Pool.

The Agency follows the practice of pooling cash and investments with the County of Imperial for all funds. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on the average monthly invested cash balance in each participating fund.

At June 30, 2021, all cash and investments of the Association have been pooled with the County of Imperial and are not presented by specific, identifiable investment securities. Investment policies and associated risk disclosures applicable to the Agency are those of the County of Imperial and are included in the County of Imperial's financial statements. The financial statements can be obtained on the County's website at [www.imperialcounty.org](http://www.imperialcounty.org).

***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, 2021, the Agency's deposit in the Imperial County Investment Pool, have a weighted average maturity of less than 12 months.

**Imperial Valley Resource Management Agency**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2021**

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**Note 3 – Cash and Investments (Continued)**

***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 Imperial County Investment Pool does not have a rating provided by a nationally recognized statistical rating organization.

***Concentration of Credit Risk***

The investments of the Agency 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 Agency'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). 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 Agency 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.

The California Government Code and the Imperial County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

**Note 4 – Risk Management**

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance through Public Entity Risk Management Agency.

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**SUPPLEMENTARY INFORMATION**

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**Imperial Valley Resource Management Agency**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
<b>OPERATING REVENUES:</b>				
Memberships	\$ 298,139	\$ 289,689	\$ 441,360	\$ 151,671
Used oil program	54,279	54,279	46,091	(8,188)
City-County payment program	59,516	59,615	-	(59,615)
Tire Clean up	53,844	303,844	-	(303,844)
<b>Total operating revenues</b>	<u>465,778</u>	<u>707,427</u>	<u>487,451</u>	<u>(219,976)</u>
<b>OPERATING EXPENSES:</b>				
Operations and maintenance	24,124	74,486	80,132	(5,646)
Professional services	285,568	484,917	408,586	76,331
Used oil program	54,279	54,279	-	54,279
City-County payment program	59,615	59,615	-	59,615
Other operating expenses	42,291	42,580	3,279	39,301
<b>Total operating expenses</b>	<u>465,877</u>	<u>715,877</u>	<u>491,997</u>	<u>223,880</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(99)</u>	<u>(8,450)</u>	<u>(4,546)</u>	<u>(3,904)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Other revenues	-	-	336	(336)
<b>Total nonoperating revenues (expenses)</b>	<u>-</u>	<u>-</u>	<u>336</u>	<u>(336)</u>
<b>CHANGE IN NET POSITION</b>	<u>(99)</u>	<u>(8,450)</u>	<u>(4,210)</u>	<u>4,240</u>
<b>NET POSITION:</b>				
Beginning of year			<u>424,861</u>	
End of year			<u>\$ 420,651</u>	

**Imperial Valley Resource Management Agency**  
**Notes to the Supplementary Information**  
**June 30, 2021**

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**Note 1 – Budgetary Information**

The Agency adheres to the following general procedures in establishing the budgetary data reflected in the financial statements:

The annual budget adopted by the Agency includes all proposed expenditures and estimated revenues.

The budget is formally integrated into the accounting system.

The budget for the Agency is adopted on a basis consistent with generally accepted accounting principles. The accrual basis of accounting is employed in the preparation of the budget.





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

**Independent Auditors' Report**

Board of Directors  
Imperial Valley Resource Management Agency  
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 financial statements of Imperial Valley Resource Management Agency (the "Agency"), which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes, which collectively comprise the basic financial statements and have issued our report thereon dated May 31, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Agency’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency’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 Agency’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

San Diego, California  
May 31, 2024