

**CITY OF HOLTVILLE, CALIFORNIA**

**MEASURE D SALES TAX FUND**

**Financial Statements and  
Other Information with  
Independent Auditors' Reports**

**For the year ended June 30, 2015**

# CITY OF HOLTVILLE, CALIFORNIA

## Measure D Sales Tax Fund For the Year Ended June 30, 2015

### TABLE OF CONTENTS

	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
<b>Other Information</b>	
Schedule of Assets, Liabilities and Fund Balance	8
Schedule of Revenues, Expenditures and Changes in Fund Balance	9
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual	10
Reconciliation of the Schedule of Revenues, Expenditures and Changes in Fund Balance To the Statement of Revenues and Allowable Expenditures	11
Five Year Program of Projects	12



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying statement of revenues and allowable expenditures of the Measure D Sales Tax Fund of the City of Holtville, California (City) for the year ended June 30, 2015, and the related notes to the financial statement, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and allowable expenditures of the Measure D Sales Tax Fund of the City for the year ended June 30, 2015, in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

The statement of revenues and allowable expenditures presents only the Measure D Sales Tax Fund and does not purport to, and does not, present fairly the financial position of the City of Holtville, California, as of June 30, 2015, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the statement of revenues and allowable expenditures of the Measure D Sales Tax Fund of the City. The other information, on pages 8 through 13 is presented for purposes of additional analysis and is not a required part of the financial statements. The other information has not been subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2016, on our consideration of the City's internal control over financial reporting over the statement of revenues and allowable expenditures 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 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 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 City's internal control over financial reporting and compliance.



San Diego, California  
April 14, 2016

## **FINANCIAL STATEMENT**

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

**STATEMENT OF REVENUES AND ALLOWABLE EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2015**

Revenues:	
Sales tax revenue	\$ 552,323
Interest revenue	74
Other revenue	<u>745,906</u>
Total Revenues	<u>1,298,303</u>
Expenditures:	
Current:	
Road repairs and maintenance	<u>143,688</u>
Other Financing Sources (Uses):	
Transfers out to City	<u>(150,000)</u>
Revenues In Excess Of Expenditures	<u><u>\$ 1,004,615</u></u>

See accompanying notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

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

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**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 Holtville has an established special revenue fund to account for revenues and expenditures related to Ordinance 1-2008.

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

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**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). Measurable 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 Holtville and the Imperial County Local Transportation Authority dated July 27, 2008 requires the schedule of revenues and allowable expenditure be reported in conformity with the terms of the agreement. The City uses the modified accrual basis of accounting to record the revenues and expenditure 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.

**NOTE D – TRANSFER OUT TO CITY**

The City recorded a transfer out of \$150,000. The transfer out reflects the reimbursement of costs incurred in another City fund. Those costs are being funded with Measure D sales tax revenue.

## **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 Holtville, California (City), for the year ended June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated April 14, 2016. 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, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, 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 statement 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 may exist that have not been identified.

## **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 Tax 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 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 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

April 14, 2016

## **OTHER INFORMATION**

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

**SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE  
JUNE 30, 2015**

Assets:	
Cash and cash equivalents	<u>\$ 553,612</u>
Liabilities and Fund Balance:	
Fund Balance:	
Restricted:	
Road repairs and maintenance	<u>\$ 553,612</u>
Total Liabilities and Fund Balance	<u>\$ 553,612</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

Revenues:	
Sales tax	\$ 521,187
Interest	74
Miscellaneous	<u>745,906</u>
Total Revenues	<u>1,267,167</u>
Expenditures:	
Current:	
Road repairs and maintenance	<u>143,688</u>
Excess (deficiency) of revenues over (under) allowable expenditures	1,123,479
Other Financing Sources (Uses):	
Transfers out	<u>(150,000)</u>
Net Change in Fund Balance	973,479
Restricted Fund Balance, Beginning of Year as Restated	<u>(419,867)</u>
Restricted Fund Balance, End of Year	<u><u>\$ 553,612</u></u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance-Over (Under)</u>
Revenues:			
Revenues	\$ 475,000	\$ 521,187	\$ 46,187
Interest	-	74	74
Other revenue	-	745,906	745,906
Total Revenues	<u>475,000</u>	<u>1,267,167</u>	<u>792,167</u>
Expenditures:			
Current:			
Road repairs and maintenance	<u>309,840</u>	<u>143,688</u>	<u>166,152</u>
Excess (deficiency) of revenues over (under) allowable expenditures	165,160	1,123,479	958,319
Other Financing Sources (Uses):			
Transfers out	(150,000)	(150,000)	-
Net Change in Fund Balance	15,160	973,479	958,319
Restricted Fund Balance, Beginning of Year as restated	<u>(419,867)</u>	<u>(419,867)</u>	<u>-</u>
Restricted Fund Balance, End of Year	<u>\$ (404,707)</u>	<u>\$ 553,612</u>	<u>\$ 958,319</u>

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

**RECONCILIATION OF THE SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF  
REVENUES AND ALLOWABLE EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2015**

Revenues:

Sales tax - Schedule	\$ 521,187
May and June 2014 sales tax received in 2014-2015	(68,128)
May and June 2015 sales tax received in 2015-2016	<u>99,264</u>
Sales tax - Statement of Revenues and Allowable Expenditures	<u><u>\$ 552,323</u></u>

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

**FIVE YEAR PROGRAM OF PROJECTS  
JUNE 30, 2015**

<b><u>STREET</u></b>	<b><u>FROM</u></b>	<b><u>TO</u></b>	<b><u>PROJECT DESCRIPTION</u></b>
Fern Avenue	Fifth Street	Fourth Street	Reconstruct
Fern Avenue	Fifth Street	Sixth Street	Resurface
Various Streets			Maintenance & Restorative Seal
Artesia Avenue	Myrtle Avenue	Olive Avenue	Maintenance & Restorative Seal
Eighth Street	Melon	Olive Avenue	Maintenance & Restorative Seal
Fern Avenue	Sixth Street	Ninth Street	Maintenance & Restorative Seal
Orange Avenue	Fifth Street	Tenth Street	Maintenance & Restorative Seal
Walnut Avenue	237 S of Third St	Tenth Street	Maintenance & Restorative Seal
Maple Avenue	Fourth Street	Ninth Street	Maintenance & Restorative Seal
Chestnut Avenue	Fourth Street	Ninth Street	Maintenance & Restorative Seal
Brentwood Avenue	Seventh Street	Ninth Street	Maintenance & Restorative Seal
Holt Avenue	Fifth Street	Ninth Street	Maintenance & Restorative Seal
Sixth Street	Orange Avenue	350 East of Grape	Maintenance & Restorative Seal
Grape Avenue	Fifth Street	Sixth Street	Maintenance & Restorative Seal
Myrtle Avenue	Sixth Street	West Seventh St	Maintenance & Restorative Seal
South Half of 6th St	Tamarack	Melon Ave	Maintenance & Restorative Seal
Fifth Street	Tamarack Ave	Mesquite Ave	Maintenance & Restorative Seal
Cedar Street	Fourth Street	Alamo Bridge	Maintenance & Restorative Seal
Holt Avenue	Ninth Street	Tenth Street	Maintenance & Restorative Seal
Tenth Street	Holt Avenue	Orange Ave	Maintenance & Restorative Seal
Cedar Avenue	Seventh Street	Ninth Street	Maintenance & Restorative Seal
Fourth Street	Highway 115	Holt Avenue	Maintenance & Restorative Seal
Fourth Street	Holt Avenue	Walnut Avenue	Maintenance & Restorative Seal
Fourth Street	Walnut Avenue	Grape Avenue	Maintenance & Restorative Seal
Pine Avenue	Fourth Street	Fifth Avenue	Maintenance & Restorative Seal
Pine Avenue	Fifth Street	Ninth Street	Maintenance & Restorative Seal
Holt Avenue	Fourth Street	Fifth Street	Maintenance & Restorative Seal
Walnut Avenue	South County Line	237 S of Third St	Maintenance & Restorative Seal
Sixth Street	Holt Avenue	Orange Avenue	Maintenance & Restorative Seal
Tamarack Avenue	Fifth Street	Zenos Road (Sixth	Maintenance & Restorative Seal
Palo Verde Avenue	Fifth Street	Zenos Road (Sixth	Maintenance & Restorative Seal
Mesquite Avenue	Fifth Street	Zenos Road (Sixth	Maintenance & Restorative Seal
Sixth Street	Melon Avenue	Holt Avenue Of Fifth Street	Maintenance & Restorative Seal
Tenth Street	Orange Avenue	Figueroa Avenue	Maintenance & Restorative Seal
Figueroa Avenue	Ninth Street	Tenth Street	Maintenance & Restorative Seal
Circle Drive	Eighth Street	Ninth Street	Maintenance & Restorative Seal
Circle Drive	Eighth Street	Chestnut Ave	Maintenance & Restorative Seal
Figueroa Avenue	Seventh St	Eighth Street	Maintenance & Restorative Seal
Fig Avenue	Fifth Street	Sixth Street	Maintenance & Restorative Seal
Maple Avenue	Third Street	Fourth Street	Maintenance & Restorative Seal
Third Street	Walnut Avenue	Grape Avenue	Maintenance & Restorative Seal
Chestnut Avenue	Third Street	Fourth Street	Maintenance & Restorative Seal
Rose Avenue – East of Chestnut Avenue			Maintenance & Restorative Seal
Ninth Street	Beale Avenue	Towland Road	Maintenance & Restorative Seal
Seventh Street	Beale Avenue	Towland Road	Maintenance & Restorative Seal
Webb Avenue	Seventh Street	Ninth Street	Maintenance & Restorative Seal
Ash Avenue	Eighth Street	Ninth Street	Maintenance & Restorative Seal
Elm Avenue	Eighth Street	Ninth Street	Maintenance & Restorative Seal
Oak Avenue	Eighth Street	Ninth Street	Maintenance & Restorative Seal
Eighth Street	Ash Avenue	Oak Avenue	Maintenance & Restorative Seal
Grape Avenue	Fourth Street	Fifth Street	Maintenance & Restorative Seal
Seventh Street	Myrtle Avenue	Beale Avenue	Maintenance & Restorative Seal
Eighth Street	Olive Avenue	Beale Avenue	Maintenance & Restorative Seal
Wooldridge Ave	Melon Ave	Olive Avenue	Maintenance & Restorative Seal
Ninth Street	Olive Avenue	Beale Avenue	Maintenance & Restorative Seal
Melon Avenue	Sixth Street	Ninth Street	Maintenance & Restorative Seal
Olive Avenue	Fifth Street	Ninth Street	Maintenance & Restorative Seal
Palm Avenue	Fourth Street	Highway 115	Maintenance & Restorative Seal
Palm Avenue	Fifth Street	Ninth Street	Maintenance & Restorative Seal
Cedar Avenue	Fourth Street	Seventh Street	Maintenance & Restorative Seal
Orange Avenue	200' S of Fifth St		Maintenance & Restorative Seal
Beale Avenue	Seventh Street	Ninth Street	Maintenance & Restorative Seal
8th Street	Maple	Walnut Ave	Maintenance & Restorative Seal
Figueroa Avenue	Fifth Street	Sixth Street	Maintenance & Restorative Seal
Olive Avenue	Ninth Street	Tenth Street	Maintenance & Restorative Seal
Ninth Street	Slaton	Brentwood	Maintenance & Restorative Seal

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

**FIVE YEAR PROGRAM OF PROJECTS, (CONTINUED)  
JUNE 30, 2015**

<b><u>STREET</u></b>	<b><u>FROM</u></b>	<b><u>TO</u></b>	<b><u>PROJECT DESCRIPTION</u></b>
Grape Avenue	Fourth Street	Third Street	Construct Extension
Beale Avenue	Ninth Street	Tenth Street	Construct Extension
Willow Avenue	Ninth Street	Tenth Street	Construct Extension
Grape Court	East of Grape Avenue		Construct Extension
Grape Avenue	Fourth Street	Fifth Street	Install Curb, Gutter & Sidewalk
Walnut Ave Impr Phase II	First Street	Fourth Street	
Monument Sign Phase II			
Cedar Avenue	Fourth Street	Fifth Street	Install Curb, Gutter & Sidewalk
Fourth Street	Cedar Avenue	Walnut Avenue	Install Curb, Gutter & Sidewalk
5th Street, Holt Ave & Cedar Ave			Bus Shelter/Curbs TDA Projects
4th Street/SR 115 - Alamo River Trail			
Alamo River Habitat Conservation			
Citywide			Develop Electric Vehicle Plan
4th Street/SR 115 - Alamo River Bridge			Develop Erosion Control
Rail ROW Acquisitions	Grape Avenue Intersection		Acquire EV Path Route
SR 115/5th Street			Install Curb, Gutter & Sidewalk
Ninth Street	Brentwood		Underground IID Lateral Canal
9th Street Constr			
Ninth Street	Slayton	Beale	Underground IID Lateral Canal
Ninth Street	Cedar	Palm	Underground IID Lateral Canal
Citywide			Street Sign Replacement
Citywide			Sidewalk Rehab/Replacement
Complete Street Plan			Transportation Planning Project