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To the 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 schedule of revenues, expenditures and change in fund balance (Schedule) of the Measure D Sales Tax Fund (the Fund) of the City of El Centro, California (City), for the year ended June 30, 2023, and the related notes to the Schedule, and have issued our report thereon dated January 10, 2024.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule, we considered the City's internal control over the Fund's financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule, 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 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 the Schedule is 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 Schedule. 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 City's internal control or on compliance related to the Measure D Sales Tax Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's Measure D Sales Tax Fund internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Glendale, California**  
**January 1, 2024**



## Independent Auditor's Report on Compliance and on Internal Control Over Compliance

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

### Report on Compliance

#### *Opinion*

We have audited the City of El Centro, California's (the City) compliance with the requirements of Measure D as specified in the Imperial County Local Transportation Authority Retail Transactions and Use Ordinance No. 1-2008 ("Ordinance") for the year ended June 30, 2023.

In our opinion, the City of El Centro, California complied, in all material respects, with the compliance requirements of the Ordinance for the year ended June 30, 2023.

#### *Basis for Opinion*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Ordinance. Our responsibilities under those standards and the Ordinance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance with the Ordinance. Our audit does not provide a legal determination of the City's compliance with the Ordinance.

#### *Responsibilities of Management for Compliance*

Management is responsible for the City's compliance with the Ordinance and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of the Ordinance.



## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

## **Report on Internal Control over Compliance**

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



# Draft 2/1/24

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Ordinance. Accordingly, this report is not suitable for any other purpose.

**Glendale, California**  
**January 1, 2024**



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**Section I – Compliance Findings**

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No findings were noted for the year ended June 30, 2023.

# Draft 2/1/24

**OTHER INFORMATION**

**Assets**

Cash and cash equivalents	\$ 6,906,417
Interest receivable	7,835
Other receivables	<u>294,848</u>
<b>Total assets</b>	<b>\$ <u>7,209,100</u></b>

**Fund Balance**

Restricted	\$ <u>7,209,100</u>
<b>Total fund balance</b>	<b>\$ <u><u>7,209,100</u></u></b>

**City of El Centro**  
**Measure D Sales Tax Fund**  
**Schedule of Revenues, Expenditures and Change in Fund Balance**  
**Year Ended June 30, 2023**  
**(Unaudited)**

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<b>Revenues</b>		
Sales tax	\$	3,882,895
Interest earnings		<u>63,637</u>
	<b>Total revenues</b>	<u>3,946,532</u>
<b>Expenditures</b>		
Road repairs and maintenance		168,305
Capital outlay		<u>261,920</u>
	<b>Total expenditures</b>	<u>430,225</u>
<b>Excess of Revenues Over Expenditures</b>		<u>3,516,307</u>
<b>Other Financing Uses</b>		
Transfers out to the City		<u>(893,300)</u>
	<b>Total other financing uses</b>	<u>(893,300)</u>
<b>Change in Fund Balance</b>		2,623,007
<b>Fund Balance</b>		
Beginning of year		4,732,922
Prior period adjustment		<u>(146,829) **</u>
End of year	\$	<u><u>7,209,100</u></u>

\*\* Prior period adjustment to release fund balance reserved for encumbrance

City of El Centro  
**Measure D Sales Tax Fund**  
**Schedule of Revenues, Expenditures and Change in Fund Balance**  
**Budget and Actual**  
**Year Ended June 30, 2023**  
**(Unaudited)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Sales tax	\$ 3,600,000	\$ 3,882,895	\$ 282,895
Interest earnings	10,000	63,637	53,637
<b>Total revenues</b>	<u>3,610,000</u>	<u>3,946,532</u>	<u>336,532</u>
<b>Expenditures</b>			
Road repairs and maintenance	382,000	168,305	213,695
Capital outlay	3,332,986	261,920	3,071,066
<b>Total expenditures</b>	<u>3,714,986</u>	<u>430,225</u>	<u>3,284,761</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(104,986)</u>	<u>3,516,307</u>	<u>3,621,293</u>
<b>Other Financing Uses</b>			
Transfers out to the City	<u>(893,300)</u>	<u>(893,300)</u>	-
<b>Total other financing uses</b>	<u>(893,300)</u>	<u>(893,300)</u>	-
<b>Change in Fund Balance</b>	\$ (998,286)	2,623,007	\$ <u>3,621,293</u>
<b>Fund Balance</b>			
Beginning of year, as restated		<u>4,586,093</u>	
End of year		<u>\$ 7,209,100</u>	

## PROJECT

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PlanetBids and Virtual Proj. Mang.  
Professional Fee-o (Traffic Engineering Consultant)  
Streetsaver Subscription  
Traffic Signal Maintenance Services  
I8/SR86 (Road Shoulder Landscape Services)  
I8/Dogwood (Road Shoulder Landscape Services)  
I8/Imperial Ave. (Road Shoulder Landscape Services)  
SCAG/County Aerial Imagery  
CALTRANS Relinquishment - Assessment  
Bradshaw Tree Removal  
Street Improvements - Misc. (Yearly Overlay and miscellaneous road improvement)- Arch/Engineering  
Street Improvements - Misc. (Yearly Overlay and miscellaneous road improvement)  
Imperial Avenue Ext. - Phase 1 Modifications  
ATPL Imperial Ave - Design  
Imperial Avenue Ph2 - ENG  
Colonia Drainage McDonald- Design  
Colonia Drainage McDonald- CON  
Shovel ready project preparation - Design  
Streets Striping Maintenance  
Dogwood/Main Intersection Reimbursement  
Speed Humps  
Imperial Avenue Extension Ph II - ENG  
Imperial Ave etc. Phase II - CON STBGL (21/22) match  
Imperial Ave etc. Phase II - CON STBGL (22/23) match  
CMAQ Signal Light Synchro 8th St  
CMAQ Signal Light Synchro 8th St  
LPP Dogwood Partnership  
ATPL Imperial Ave - CON

# Draft 2/1/24



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