



Draft 2/1/24

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 Holtville, 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 Holtville, 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 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.



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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 , 2024

Section I – Compliance Findings

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

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OTHER INFORMATION

Assets

Cash and cash equivalents	\$ 2,120,994
Total assets	<u>\$ 2,120,994</u>

Fund Balance

Restricted for road repairs and maintenance	\$ 2,120,994
Total fund balance	<u>\$ 2,120,994</u>

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

Revenues		
Sales tax	\$	427,837
Interest earnings		1,926
	Total revenues	<u>429,763</u>
Expenditures		
Road repairs and maintenance		1,500
	Total expenditures	<u>1,500</u>
Excess of Revenues Over Expenditures		<u>428,263</u>
Other Financing Uses		
Transfers out to the City		<u>(75,000)</u>
	Total other financing uses	<u>(75,000)</u>
Change in Fund Balance		353,263
Fund Balance		
Beginning of year		1,698,735
Prior period adjustment		68,996 **
End of year	\$	<u><u>2,120,994</u></u>

** To agree with prior year audited beginning fund balance.

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

	Budget	Actual	Variance with Final Budget
Revenues			
Sales tax	\$ 400,000	\$ 427,837	\$ 27,837
Interest earnings	1,000	1,926	926
Total revenues	401,000	429,763	28,763
 Expenditures			
Road repairs and maintenance	500,000	1,500	498,500
Total expenditures	500,000	1,500	498,500
Excess (Deficiency) of Revenues Over Expenditures	(99,000)	428,263	527,263
 Other Financing Uses			
Transfers out to the City	(75,000)	(75,000)	-
	(75,000)	(75,000)	-
 Change in Fund Balance	\$ (174,000)	353,263	\$ 527,263
 Fund Balance			
Beginning of year, as restated		1,767,731	
End of year		\$ 2,120,994	

<u>ROAD/PROJECT</u>	<u>FROM</u>	<u>TO</u>	<u>PROJECT DESCRIPTION</u>
Citywide Streets Improvement Project			Crack Sealing, Slurry & Resurfacing
Pine Avenue	Fourth Street	Fifth Street	Install Curb, Gutter & Sidewalk
Ninth Street	Olive Avenue	Melon Avenue	Install Curb, Gutter & Sidewalk
Citywide			Alley Paving
Walnut Ave Impr Phase II	First Street	Third Street	Additional Reconstruction
Monument Sign Phase II			
Fifth Street, Holt Ave & Cedar Ave			Bus Shelter/Curbs TDA Projects
IID Alamo Annexation	Along Mellinger Alamo River Trail		
Alamo River Trail			Additional Enhancements
Alamo River Habitat Conservation			Additional Enhancements
Alamo River Trail Wetlands Link			Construct
Citywide			Develop Electric Vehicle Plan
Fourth Street/Orchard Road Bridge			Develop Erosion Control
E Ninth Street Sidewalk	Webb Avenue	Oak Avenue	Install Curb, Gutter & Sidewalk
Cedar Avenue	Fourth Street	Sixth Street	Reconstruction
Citywide			Street Sign Replacement
Oak Avenue	Ninth Street	Tenth Street	Construct Extension
Fifth Street	Mesquite Ave	Olive Avenue	Construct Extension
Willow Avenue	Ninth Street	Tenth Street	Construct Extension
Third Street	Walnut Avenue	Grape Avenue	Maintenance & Restorative Seal
Rose Avenue	Chestnut Avenue	(termination)	Maintenance & Restorative Seal
Fourth Street	Highway 115	Grape Avenue	Maintenance & Restorative Seal
Grape Court	Grape Avenue	(termination)	Maintenance & Restorative Seal
Fifth Street	Olive Avenue	Palm Avenue	Maintenance & Restorative Seal
Sixth Street	Melon Avenue	Beale Avenue	Maintenance & Restorative Seal
Artesia Avenue	Viking Way	Olive Avenue	Maintenance & Restorative Seal
Seventh Street	Viking Way	Towland Road	Maintenance & Restorative Seal
Eight Street	Melon Avenue	Beale Avenue	Maintenance & Restorative Seal
Eight Street	Ash Avenue	Oak Avenue	Maintenance & Restorative Seal
Wooldridge Ave	Melon Avenue	Olive Avenue	Maintenance & Restorative Seal
Ninth Street	Melon Avenue	Towland Road	Maintenance & Restorative Seal
Apple Court	East & West of Apple Avenue		Maintenance & Restorative Seal

<u>ROAD/PROJECT</u>	<u>FROM</u>	<u>TO</u>	<u>PROJECT DESCRIPTION</u>
Tenth Street	Holt Avenue	Fern Avenue	Maintenance & Restorative Seal
Tenth Street	Orange Avenue	Figuroa Avenue	Maintenance & Restorative Seal
Tenth Street	Oak Avenue	Towland Road	Maintenance & Restorative Seal
Viking Way	Sixth Street	Seventh Street	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
Melon Avenue	Sixth Street	Ninth Street	Maintenance & Restorative Seal
Olive Avenue	Fourth Street	Tenth Street	Maintenance & Restorative Seal
Palm Avenue	Fifth Street	Ninth Street	Maintenance & Restorative Seal
Cedar Avenue	Fourth Street	Ninth Street	Maintenance & Restorative Seal
Cedar Street	Fourth Street	Alamo Bridge	Maintenance & Restorative Seal
Pine Avenue	Fourth Street	Ninth Street	Maintenance & Restorative Seal
Holt Avenue	Fourth Street	Tenth Street	Maintenance & Restorative Seal
Fern Avenue	Fourth Street	Ninth Street	Maintenance & Restorative Seal
Orange Avenue	200 S of Fifth St		Maintenance & Restorative Seal
Orange Avenue	Fifth Street	Tenth Street	Maintenance & Restorative Seal
Walnut Avenue	South County Line	Tenth Street	Maintenance & Restorative Seal
Maple Avenue	Third Street	Tenth Street	Maintenance & Restorative Seal
Chestnut Avenue	Third Street	Tenth Street	Maintenance & Restorative Seal
Circle Drive	Eight Street	Tenth Street	Maintenance & Restorative Seal
Circle Drive	Eight Street	Tenth Street	Maintenance & Restorative Seal
Figuroa Avenue	Fifth Street	Sixth Street	Maintenance & Restorative Seal
Figuroa Avenue	Seventh Street	Eight Street	Maintenance & Restorative Seal
Figuroa Avenue	Ninth Street	Tenth Street	Maintenance & Restorative Seal
Grape Avenue	Fourth Street	Sixth Street	Maintenance & Restorative Seal
Brentwood Avenue	Seventh Street	Ninth Street	Maintenance & Restorative Seal
Beale Avenue	Seventh Street	Tenth Street	Maintenance & Restorative Seal
Webb Avenue	Seventh Street	Ninth Street	Maintenance & Restorative Seal
Ash Avenue	Eight Street	Ninth Street	Maintenance & Restorative Seal
Elm Avenue	Eight Street	Ninth Street	Maintenance & Restorative Seal
Oak Avenue	Eight Street	Ninth Street	Maintenance & Restorative Seal
Apple Avenue	Ninth Street	Tenth Street	Maintenance & Restorative Seal
Various Streets			Maintenance & Restorative Seal

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