

**City of Calexico
Transportation Development Act
Article 3 and Article 8e**

Calexico, California

**Financial Statements
and Independent Auditor's Report**

For the Years Ended June 30, 2022 and 2021

City of Calexico
Transportation Development Act – Article 3 and Article 8e
For the Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT



To the Honorable Mayor and Members of the City Council
of the City of Calexico
Calexico, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act (TDA) Article 3 and Article 8e Funds (the "TDA Non-Transit Funds") of the City of Calexico, California (the "City") as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the TDA Non-Transit Funds' financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the TDA Non-Transit Funds of the of the City, as of June 30, 2022 and 2021, and the respective changes in financial position, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. 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 City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 TDA Non-Transit Fund'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.

Emphasis of Matter

As described in Note 1, the accompanying financial statements present only the TDA Non-Transit Funds and are not intended to, and do not, present fairly the financial position of the City as of June 30, 2022 and 2021, and the changes in fund balance thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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 opinions. 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 TDA Non-Transit Fund'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 TDA Non-Transit Fund'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the TDA Non-Transit Fund's basic financial statements. The Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council
of the City of Calexico
Calexico, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2023, on our consideration of the TDA Non-Transit Fund'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 TDA Non-Transit Fund'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 TDA Non-Transit Fund's internal control over financial reporting and compliance.

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San Diego, California
April 19, 2023

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FINANCIAL STATEMENTS

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TDA ARTICLE (3)

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City of Calexico
Transportation Development Act Fund – Article 3
Balance Sheets
June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash and investments	\$ 298,519	\$ 407,661
Due from other governmental agencies	34,650	21,829
Total assets	\$ 333,169	\$ 429,490
FUND BALANCE		
Fund balance:		
Restricted	\$ 333,169	\$ 429,490
Total fund balance	333,169	429,490
Total fund balance	\$ 333,169	\$ 429,490

City of Calexico
Transportation Development Act Fund – Article 3
Statements of Revenues, Expenditures, and Change in Fund Balance
For the Years Ended June 30, 2022 and 2021

	2022	2021
REVENUES:		
TDA funds	\$ 34,650	\$ 21,829
Use of money and property	1,315	404
Total revenues	35,965	22,233
EXPENDITURES:		
Capital outlay	132,286	-
Total Expenditures	132,286	-
CHANGE IN FUND BALANCE	(96,321)	22,233
FUND BALANCE:		
Beginning of year	429,490	407,257
End of year	\$ 333,169	\$ 429,490

TDA ARTICLE (8e)

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City of Calexico
Transportation Development Act Fund – Article 8e
Balance Sheets
June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash and investments	\$ 128,520	\$ 121,501
Due from other governmental agencies	41,962	41,963
Total assets	\$ 170,482	\$ 163,464
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 388	\$ 340
Accrued payroll	-	109
Total liabilities	388	449
Fund balance:		
Restricted	170,094	163,015
Total fund balance	170,094	163,015
Total liabilities and fund balance	\$ 170,482	\$ 163,464

City of Calexico
Transportation Development Act Fund – Article 8e
Statements of Revenues, Expenditures, and Change in Fund Balance
For the Years Ended June 30, 2022 and 2021

	2022	2021
REVENUES:		
TDA funds	\$ 41,962	\$ 41,963
Use of money and property	373	120
Total revenues	42,335	42,083
EXPENDITURES:		
Current expenditures:		
Public works	23,206	14,363
Capital outlay	12,050	-
Total Expenditures	35,256	14,363
REVENUES OVER (UNDER) EXPENDITURES	7,079	27,720
OTHER FINANCING SOURCES (USES):		
Transfers out	-	(23,336)
Total other financing sources (uses)	-	(23,336)
CHANGE IN FUND BALANCE	7,079	4,384
FUND BALANCE:		
Beginning of year	163,015	158,631
End of year	\$ 170,094	\$ 163,015

City of Calexico
Transportation Development Act – Article 3 and Article 8e
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Transportation Development Act (TDA) Article 3 and Article 8e Funds (the "TDA Non-Transit Funds") of the City of Calexico, California (the "City") are 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 accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

The Reporting Entity

The City was incorporated in April 1908, under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. It is governed by an elected five-member council.

The financial statements of the TDA Non-Transit Funds are intended to present the financial position and changes in financial position of only those transactions attributable to the TDA Non-Transit Funds administered and disbursed by the City.

Fund Accounting

The accounts of the City are organized on the basis of funds, which are considered to be separate accounting entities. The operations of the TDA Non-Transit Funds are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds represented in the TDA Non-Transit Funds' financial statements are special revenue fund types. The TDA Non-Transit Funds account for the City's share of the TDA Article 3, Article 8a, and Article 8e allocations. The TDA Non-Transit Funds are legally restricted for specific purposes and are included in the financial statements of the City.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Financial statements for the special revenue fund type of governmental funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting.

Basis of accounting refers to when revenues and the related assets and liabilities are recognized in the accounts and reported in the TDA Non-Transit Funds' financial statements. Specifically, it relates to the timing of measurements made, regardless of the nature of the measurement. Revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long term-liabilities, which is recognized when due. Additionally, consistent with the flow of "current financial resources" measurement focus required for governmental fund financial statements, unmatured long-term indebtedness are reported as a long-term liability of the City, not as a liability of the fund.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; that is, when they become both measurable and available to finance expenditures in the fiscal period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the TDA Non-Transit Funds, revenues and other governmental fund financial resources are recognized if measurable and collectible generally within 60 days following the end of the fiscal year. Revenues considered susceptible to accrual primarily include TDA Article 3 and Article 8e funds and interest.

City of Calexico
Transportation Development Act – Article 3 and Article 8e
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Cash and Investments

TDA Non-Transit Funds pool cash resources with all funds in the City in order to facilitate the management of cash and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City considers amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as “Cash and Investments” in the accompanying financial statements.

Revenue Recognition

Recognition of revenues arising from non-exchange transactions, which include revenues from taxes, certain grants, and contributions, is based on the primary characteristic from which the revenues are received by the City. Funds allocated under the capital improvements program obtain the characteristic of a voluntary non-exchange transaction similar to a grant.

Unavailable revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualified expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Budgetary Control and Encumbrances

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures are charged against the budgeted appropriations.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Calexico
Transportation Development Act – Article 3 and Article 8e
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Balances

In the governmental fund financial statements, fund balances are classified in the following categories:

Nonspendable Fund Balance – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories and long-term receivables, or items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds

Restricted Fund Balance – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations imposed by the formal action of the government’s highest level of decision making authority normally through resolutions, etc., and that remain binding unless rescinded or modified in the same manner. The City Council is considered the highest authority for the City.

Assigned Fund Balance – Assigned fund balances encompass the portion of net fund resources reflecting the government’s intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Finance Director is authorized to determine and define the amount of assigned fund balances.

Unassigned Fund Balance – This amount indicates the portion of fund balance that do not fall into one of the above categories.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City’s policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

Note 2 – Cash and Investments

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The balance of the TDA Non-Transit Funds’ cash, as of June 30, 2022 and 2021, respectively, was as follows:

	2022	2021
TDA Article 3	\$ 298,519	\$ 407,661
TDA Article 8e	\$ 128,520	\$ 121,501

The TDA Non-Transit Funds’ cash is deposited in the City’s internal investment pool, which is reported at fair value. Interest income is allocated based on average cash balances. Investment policies and associated risk factors applicable to the TDA Non-Transit Funds are those of the City and are included in the City’s financial statements.

City of Calexico
Transportation Development Act – Article 3 and Article 8e
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 3 - Restrictions

Funds received pursuant to TDA Article 3 may only be used for pedestrian and bicycle projects.

Funds received pursuant to TDA Article 8e may only be used to pay for capital expenses incurred while contracting for transit services with profit making or non-profit companies for public transportation services as described in TDA Article 8e.

Note 4 – Contingencies

A. *Litigation*

The City is a defendant in certain legal actions arising in the normal course of operations. Liabilities for the probable amounts of loss associated with these claims are covered through the City's self-insurance and the California State Association of Counties Excess Insurance Authority. The City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

B. *TDA Non-Transit Funds*

The TDA Non-Transit Funds are subject to program compliance audits by the grantors and their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 5 – Pedestrian and Bicycle Projects

The City has planned a bikeway system in conformance with specifications of Caltrans' *Planning and Design Criteria for Bikeways in California*, and the Regional Transportation Plan using funds received pursuant to TDA Article 3.

SUPPLEMENTARY INFORMATION

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City of Calexico
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
TDA Article 3
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1, 2021			\$ 429,490	
Resources (inflows):				
TDA funds	\$ 34,430	\$ 34,430	34,650	\$ 220
Use of money and property	-	-	1,315	1,315
Amount available for appropriation	<u>\$ 34,430</u>	<u>\$ 34,430</u>	<u>\$ 35,965</u>	<u>\$ 1,535</u>
Charges to appropriations (outflows):				
Capital outlay	152,000	152,000	132,286	19,714
Total charges to appropriations	<u>152,000</u>	<u>152,000</u>	<u>132,286</u>	<u>19,714</u>
Excess of resources over (under) charges to appropriations	<u>\$ (117,570)</u>	<u>\$ (117,570)</u>	<u>(96,321)</u>	<u>\$ 21,249</u>
Fund balance, June 30, 2022			<u>\$ 333,169</u>	

City of Calexico
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
TDA Article 3
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1, 2020			\$ 407,257	
Resources (inflows):				
TDA funds	\$ 28,980	\$ 28,980	21,829	\$ (7,151)
Use of money and property	-	-	404	404
Amount available for appropriation	28,980	28,980	22,233	(6,747)
Charges to appropriations (outflows):				
Capital outlay	416,000	416,000	-	416,000
Total charges to appropriations	416,000	416,000	-	416,000
Excess of resources over (under) charges to appropriations	\$ (387,020)	\$ (387,020)	22,233	\$ 409,253
Fund balance, June 30, 2021			\$ 429,490	

City of Calexico
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
TDA Article 8e
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1, 2021			\$ 163,015	
Resources (inflows):				
TDA funds	\$ 41,810	\$ 41,810	41,962	\$ 152
Use of money and property	-	-	373	373
Amount available for appropriation	41,810	41,810	42,335	525
Charges to appropriations (outflows):				
Current:				
Public works	62,115	62,115	23,206	38,909
Capital outlay	12,050	12,050	12,050	-
Total charges to appropriations	74,165	74,165	35,256	38,909
Excess of resources over (under) charges to appropriations	\$ (32,355)	\$ (32,355)	7,079	\$ 39,434
Fund balance, June 30, 2022			\$ 170,094	

City of Calexico
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
TDA Article 8e
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Fund balance, July 1, 2020			\$ 158,631	
Resources (inflows):				
TDA funds	\$ 42,381	\$ 42,381	41,963	\$ (418)
Use of money and property	-	-	120	120
Amount available for appropriation	<u>42,381</u>	<u>42,381</u>	<u>42,083</u>	<u>(298)</u>
Charges to appropriations (outflows):				
Current:				
Public works	52,664	52,664	14,363	38,301
Transfers out	<u>23,336</u>	<u>23,336</u>	<u>23,336</u>	<u>-</u>
Total charges to appropriations	<u>76,000</u>	<u>76,000</u>	<u>37,699</u>	<u>38,301</u>
Excess of resources over (under) charges to appropriations	<u>\$ (33,619)</u>	<u>\$ (33,619)</u>	<u>4,384</u>	<u>\$ 38,003</u>
Fund balance, June 30, 2021			<u>\$ 163,015</u>	



**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

To the Honorable Mayor and Members of the City Council
of the City of Calexico
Calexico, California

We have audited, in accordance with generally accepted auditing standards 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 accompanying financial statements of the Transportation Development Act ("TDA") Article 3 and Article 8e Funds (the "TDA Non-Transit Funds") of the City of Calexico, California (the "City"), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the TDA Non-Transit Funds' financial statements, and have issued our report thereon dated April 19, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the TDA Non-Transit Funds' 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 TDA Non-Transit Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the TDA Non-Transit Funds' 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the TDA Non-Transit Fund’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 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In connection with our audit referred to above, we also performed an audit for compliance with the Transportation Development Act, the *California Code of Regulations*, and the rules and regulations and allocation instructions of the Imperial County Transportation Commission, for the year ended June 30, 2022. In connection with our audit, we performed to the extent applicable, the compliance audit tasks set forth in Sections §6666 and §6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the *California Code of Regulations*. The results of performing the tasks specified above disclosed one instance of noncompliance with the applicable statutes, rules, and regulations of the Act, and the allocation instructions and resolutions of the Imperial County Transportation Commission. In our opinion, the funds allocated to and received by the TDA Non-Transit Funds for the year ended June 30, 2022, pursuant to the Transportation Development Act, were accounted for and expended in conformance with the Transportation Development Act, the *California Code of Regulations*, and the rules and regulations and allocation instructions of the Imperial County Transportation Commission.

Finding 2022-001 - Late Submission of Certified Fiscal Audit

Criteria:

Pursuant to the ICTC Guidebook for the Transportation Development Act: “Certified Fiscal Audit -The TDA statute requires that all claimants submit a certified fiscal audit annually to their regional transportation planning agency and to the State Controller within 180 days after the end of the fiscal year. The fiscal report must include the audited amounts for the prior fiscal year.”

Condition:

The City has experienced significant delays in the preparation and issuance of 2022 financial statements and completion of their annual fiscal audit required under the Transportation Development Act.

Effect:

The City is not in compliance with the requirements of the Transportation Development Act.

Recommendation:

The City’s Finance Department should develop standard operating procedures to facilitate monthly and year-end closing processes and the preparation of its financial statements.

Management’s Response:

The City concurs with this finding. The Finance staff continues to improve its annual work plan and to focus on staff training in order to accelerate the publication of its annual financial statements.

City’s Response to the Findings

City’s response to the findings identified in our audit is described previously. City’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

To the Honorable Mayor and Members of the City Council
of the City of Calexico
Calexico, California
Page 3

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 to express an opinion on the compliance of the TDA Non-Transit Funds with the Transportation Development Act, the California Code of Regulations, and the rules and regulations and allocation instructions of the Imperial County Transportation Commission, and not to provide an opinion on the effectiveness of the TDA Non-Transit Funds' internal control or on other compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the TDA Non-Transit Funds' 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
April 19, 2023

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