

**CITY OF BRAWLEY**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**  
**FINANCIAL STATEMENTS**  
June 30, 2021

**CITY OF BRAWLEY  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

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JUNE 30, 2021**

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## *Independent Auditor's Report*

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City of Brawley  
Brawley, California

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*Governmental Audit  
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California Society of  
Certified Public Accountants

## **Report on the Audit of the Financial Statements**

### **Opinions**

We have audited the financial statements of the Local Transportation Funds Non-Transit of the City of Brawley, California (City) as of and for the fiscal years ended June 30, 2021, which collectively comprise the Local Transportation Fund Non-Transit 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 financial position of the Local Transportation Fund Non-Transit as of June 30, 2021, and the changes in financial position for the fiscal year 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Local Transportation Funds Non-Transit of the City of Brawley and do not purport to, and do not, present fairly the financial position of the City of Brawley as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.



### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 City'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.

### ***Report on Summarized Comparative Information***

The financial statements include partial prior-year comparative financial information for the year ended June 30, 2020, which was audited by another auditor whose report dated April 8, 2021, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matter***

#### ***Prior Year Comparative Information***

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Local Transportation Fund Non-Transit's financial statements for the year ended June 30, 2020, from which such summarized information was derived.

### ***Auditor's 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 GAAS and GAS 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 GAS, 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 Transportation 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 Transportation 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 Local Transportation Funds Non-Transit of the City of Brawley. The accompanying supplementary information, such as the Schedule 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
April 11, 2024

**CITY OF BRAWLEY  
LOCAL TRANSPORTATION FUNDS – NON-TRANSIT**

**BALANCE SHEET  
JUNE 30, 2021  
(WITH COMPARATIVE DATA FOR PRIOR YEAR)**

	2021		2020	
	Bus Benches and Shelters Fund Article 8(e)	Pedestrians and Bicycles Fund Article 3	Total	Total
<b>ASSETS</b>				
Cash and investments	\$ 283,010	\$ 194,805	\$ 477,815	\$ 525,687
Interest receivable	65	45	110	474
Prepaid expenses	2,973	-	2,973	-
Due from other governments	61,299	17,879	79,178	-
Total Assets	<u>\$ 347,347</u>	<u>\$ 212,729</u>	<u>\$ 560,076</u>	<u>\$ 526,161</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 17,200</u>	<u>\$ -</u>	<u>\$ 17,200</u>	<u>\$ 1,469</u>
Total Liabilities	<u>17,200</u>	<u>-</u>	<u>17,200</u>	<u>1,469</u>
<b>FUND BALANCES</b>				
Restricted for transportation	<u>330,147</u>	<u>212,729</u>	<u>542,876</u>	<u>524,692</u>
Total Fund Balances	<u>330,147</u>	<u>212,729</u>	<u>542,876</u>	<u>524,692</u>
Total Liabilities and Fund Balances	<u>\$ 347,347</u>	<u>\$ 212,729</u>	<u>\$ 560,076</u>	<u>\$ 526,161</u>

**CITY OF BRAWLEY  
LOCAL TRANSPORTATION FUNDS – NON-TRANSIT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE DATA FOR PRIOR YEAR)**

	2021		2020	
	Bus Benches and Shelters Fund Article 8(e)	Pedestrians and Bicycles Fund Article 3	Total	Total
<b>REVENUES</b>				
Use of money and property	\$ 959	\$ 570	\$ 1,529	\$ 8,772
Intergovernmental - TDA/LTF	61,299	17,879	79,178	175,102
Total Revenues	62,258	18,449	80,707	183,874
<b>EXPENDITURES</b>				
Salaries and wages	4,350	-	4,350	3,347
Supplies and materials	35,633	-	35,633	5,885
Services	22,540	-	22,540	19,378
Total Expenditures	62,523	-	62,523	28,610
Excess of Revenues Over (Under) Expenditures	(265)	18,449	18,184	155,264
Fund balances, beginning of year	330,412	194,280	524,692	369,428
Fund balances, end of year	\$ 330,147	\$ 212,729	\$ 542,876	\$ 524,692

**CITY OF BRAWLEY  
LOCAL TRANSPORTATION FUNDS – NON-TRANSIT**

**NOTES TO THE FINANCIAL STATEMENTS  
June 30,-2021**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

The Local Transportation Funds-Non-Transit are special revenue funds of the City of Brawley (City) and the financial statements of the funds are included in the basic financial statements of the City. The financial statement of the Local Transportation Funds do not purport to present the financial position or results of operations of the City of Brawley, California.

The accounting policies of the Local Transportation Funds-Non-Transit are in conformity with generally accepted accounting principles in the United States applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

**Basis of Accounting**

The Local Transportation Funds-Non-Transit are accounted for using the *current financial resources* measurement focus and the *modified accrual* basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures/expenses. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**CITY OF BRAWLEY  
LOCAL TRANSPORTATION FUNDS – NON-TRANSIT**

**NOTES TO THE FINANCIAL STATEMENTS  
June 30,-2021**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

the City considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures and funds for the Successor Agency to the Brawley Community Redevelopment Agency. Cash equivalents have an original maturity date of three months or less from the date of purchase. The cash and investments reported in the Local Transportation Funds-Non-Transit are part of the City's pooled cash and investments. The Local Transportation Funds-Non-Transit does not own individual investments.

**NOTE 2: INTERGOVERNMENTAL ALLOCATION – TDA/LTF**

The City was allocated the following funds:

<u>Article</u>	<u>Fund</u>	<u>Section</u>	
8(e)	LTF	99233.3	\$ 61,299
3	LTF	99234	<u>17,879</u>
			<u>\$ 79,178</u>

**NOTE 3: INTERNAL ACCOUNTING CONTROL**

As part of our audit, procedures were performed of the City's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purpose of such evaluation is to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements. No material weaknesses in internal control were discovered.

**SUPPLEMENTARY INFORMATION**

**CITY OF BRAWLEY  
LOCAL TRANSPORTATION FUNDS – NON-TRANSIT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – ARTICLE 8(e)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Use of money and property	\$ 1,701	\$ 959	\$ (742)
Intergovernmental - TDA/LTF	61,000	61,299	299
Total Revenues	62,701	62,258	(443)
<b>EXPENDITURES</b>			
Salaries and wages	-	4,350	(4,350)
Supplies and materials	4,500	35,633	(31,133)
Services	60,700	22,540	38,160
Total Expenditures	65,200	62,523	2,677
Excess of Revenues Over (Under) Expenditures	(2,499)	(265)	2,234
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	50,000	-	50,000
Total other financing sources (uses)	50,000	-	50,000
Net change in fund balance	47,501	(265)	52,234
Fund balance, beginning of year	330,412	330,412	-
Fund balance, end of year	\$ 377,913	\$ 330,147	\$ 52,234

**CITY OF BRAWLEY  
LOCAL TRANSPORTATION FUNDS – NON-TRANSIT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – ARTICLE 3  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Use of money and property	\$ 999	\$ 570	\$ (429)
Intergovernmental - TDA/LTF	<u>26,000</u>	<u>17,879</u>	<u>(8,121)</u>
Total Revenues	<u>26,999</u>	<u>18,449</u>	<u>(8,550)</u>
Excess of Revenues Over (Under) Expenditures	26,999	18,449	(8,550)
Fund balance, beginning of year	<u>194,280</u>	<u>194,280</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 221,279</u></u>	<u><u>\$ 212,729</u></u>	<u><u>\$ (8,550)</u></u>



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**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**

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City Council of the  
City of Brawley  
Brawley, California

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over the Local Transportation Funds Non-Transit's 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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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.

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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 Local Transportation Fund Non-Transit's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Transportation Development Act §99400 (a), the California Code of Regulations, and the rules and regulations of the Imperial Valley Association of Governments. In our audit, we performed, to the extent applicable, the tasks contained in Section 6664 of Title 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the 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*, including §99400 (a), the California Code of Regulations, and the rules and regulations of the Imperial Valley Association of Governments. In our audit, we performed, to the extent applicable, the tasks contained in Section 6664 of Title 21 of the California Code of Regulations.

### 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
April 11, 2024