



CITY OF CHULA VISTA, CALIFORNIA 2016 MEASURE P SALES TAX FUND

FOR THE YEAR ENDED JUNE 30, 2021

REPORT ON COMPLIANCE WITH THE
INFRASTRUCTURE, FACILITIES
AND EQUIPMENT PLAN

Focused
on YOU



CITY OF CHULA VISTA, CALIFORNIA
2016 MEASURE P SALES TAX FUND

REPORT ON COMPLIANCE WITH THE
INFASTRUCTURE, FACILITIES AND EQUIPMENT EXPENDITURE PLAN

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FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report on Compliance with Applicable Requirements and on Internal Control Over Compliance	1
Schedules of 2016 Measure P Sales Tax Fund:	
Balance Sheet	4
Statement of Revenues, Expenditures and Changes in Fund Balance	5



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENT AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and Members of the City Council
City of Chula Vista, California

Report on Compliance

Opinion on the 2016 Measure P Sales Tax Fund

We have audited the compliance of the 2016 Measure P Sales Tax Fund of the City of Chula Vista, California (the "City") with the requirements described in Ordinance No. 3371 (the Ordinance) and the Infrastructure, Facilities and Equipment Expenditure Plan (the Spending Plan) for the year ending June 30, 2021.

In our opinion, the City complied, in all material respects, with the types of compliance that could have a direct and material effect on the requirements referred to above applicable to the 2016 Measure P Sales Tax Fund for the year ended June 30, 2021.

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; and the requirements described in the Ordinance and the Spending Plan. Our responsibilities under those standards 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's government programs.

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, 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* will always detect material noncompliance when it exists. The risk of



To the Honorable Mayor and Members of the City Council
City of Chula Vista, California

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 described in the Ordinance and the Spending Plan.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the compliance requirements referred to above, 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 and the Spending Plan, 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 on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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 have not been 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.



To the Honorable Mayor and Members of the City Council
City of Chula Vista, California

Purpose of this Report

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 described in the Ordinance and the Spending Plan. Accordingly, this report is not suitable for any other purpose.

Lance, Soll & Loughard, LLP

Brea, California
December 28, 2021

CITY OF CHULA VISTA
SCHEDULES OF 2016 MEASURE P SALES TAX FUND

BALANCE SHEET
JUNE 30, 2021

Assets:

Pooled cash and investments	\$ 34,867,736
Restricted assets - cash and investments	181
Accrued interest receivable	21
Prepaid expenses	<u>170,238</u>
Total Assets	<u>\$ 35,038,176</u>

Liabilities and Fund Balance:

Liabilities:

Accounts payable	\$ 760,168
Retention payable	<u>902,736</u>
Total Liabilities	<u>1,662,904</u>

Fund Balance:

Assigned for Measure P Sales Tax	<u>33,375,272</u>
Total Fund Balance	<u>33,375,272</u>
Total Liabilities and Fund Balance	<u>\$ 35,038,176</u>

CITY OF CHULA VISTA
SCHEDULES OF 2016 MEASURE P SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
JUNE 30, 2021

Revenues:

Local sales and use tax	\$ 23,629,265
Use of money and property	285,712
Miscellaneous	3,038
Total Revenues	<u>23,918,015</u>

Expenditures:

Contracted services	22,364
Equipment and shared infrastructure costs	428,958
Capital outlay	23,636,983
Debt service:	
Principal retirement	763,233
Interest and fiscal charges	134,388
Total Expenditures	<u>24,985,926</u>
Excess (Deficiency) of Revenues	
Over (under) Expenditures	<u>(1,067,911)</u>

Other Financing Sources (Uses):

Transfers Out - Municipal Financing Authority Fund	<u>(8,128,500)</u>
Total Other Financing Sources (Uses)	<u>(8,128,500)</u>
Net Change in Fund Balance	(9,196,411)

Fund Balance - Beginning	<u>42,571,683</u>
Fund Balance - Ending	<u>\$ 33,375,272</u>