

Public Safety Facilities Capital Projects Fund of the City of El Cajon
Independent Auditor's Report and Report on Additional Information
For the year ended June 30, 2023

Public Safety Facilities Capital Projects Fund of the City of El Cajon
Basic Financial Statements
For the year ended June 30, 2023

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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying schedule of revenues and expenditures of the Public Safety Facilities Capital Projects Fund 502 (the Fund) of the City of El Cajon for the year ended June 30, 2023, and the related notes to the schedule.

In our opinion, the schedule of revenues and expenditures referred to above presents fairly, in all material respects, the revenues and expenditures of the Fund of the City of El Cajon for the year ended June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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*, 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 Fund 502 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 opinion.

Responsibilities of Management for the Financial Statements

The Fund's 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 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.

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 opinion. 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 *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 GAAS 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 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 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.

Emphasis of Matter

As discussed in Note 1, the accompanying schedule of revenues and expenditures presents only the revenues and expenditures of the Public Safety Facilities Capital Projects Fund 502 (the Fund) of the City of El Cajon and does not purport to, and does not present fairly the financial position of the City of El Cajon, California, as of June 30, 2023, and the changes in the City's financial position, or where applicable, its cash flows, for the year then ended. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2024 on our consideration of the 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 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 Fund's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
February 8, 2024

CITY OF EL CAJON
Public Safety Facilities Capital Projects Fund (Fund 502)
Schedule of Revenues and Expenditures
For the year ended June 30, 2023

Beginning balance, July 1, 2022	<u>\$ 3,661,774</u>
Revenues:	
Sales tax (0.50%)	-
Investment income (loss)	<u>34,694</u>
Total revenues	<u>34,694</u>
Expenditures:	
Professional and technical services	2,870
Construction/architectural costs	<u>338,182</u>
Total expenditures	<u>341,052</u>
Net change	<u>(306,358)</u>
Ending balance, June 30, 2023	<u><u>\$ 3,355,416</u></u>

The accompanying notes are an integral part of this schedule.

CITY OF EL CAJON
Public Safety Facilities Capital Projects Fund (Fund 502)
Notes to Schedule of Revenues and Expenditures
For the year ended June 30, 2023

Note 1: Summary of significant accounting policies

Organization

In 2004, the City Council placed before the voters of the City of El Cajon a Public Safety Facilities Bond Measure (the Measure) relating to the imposition of a one-half of one percent (0.50%) transaction and use tax to fund new and improved public safety facilities. The election on the Measure was held on November 2, 2004 at which time the voters were asked whether or not the City should implement a one-half of one percent sales tax for 10 years to improve public safety and emergency response throughout the City by replacing aging, overcrowded police and fire facilities with combined earthquake-safe facilities including the latest public safety technology and an Emergency Operations Center to coordinate disaster response. The Measure presented to the voters provided that such bonds would be issued with a Citizens' Oversight Committee and independent financial audits. Furthermore, the proceeds of the tax collection are to be used to fund new and improved public safety facilities. At the election on November 2, 2004, the voters passed the Measure, identified as Proposition O on the ballot, and the results of such election were duly certified by the City Council by means of resolution at a regular meeting held on November 23, 2004.

Scope of reporting

As discussed in the Independent Auditor's Report, the schedule of revenues and expenditures presents only the revenues and expenditures of the Measure O Public Safety Tax Fund 502 (the Fund), and does not purport to, and does not present fairly, the financial position of the City of El Cajon, California, as of June 30, 2023, and the changes in the City's financial position, or where applicable, its cash flows, for the year then ended.

Basis of accounting

The schedule of revenues and expenditures is presented using the *modified-accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available*. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period.

Use of estimates

The preparation of the schedule of revenues and expenditures in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF EL CAJON
Public Safety Facilities Capital Projects Fund (Fund 502)
Notes to Schedule of Revenues and Expenditures
For the year ended June 30, 2023

Note 1: Summary of significant accounting policies (continued)

Fund accounting

The accounts of the City of El Cajon are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts. Monies received under Measure O are recorded in a capital projects fund that is used to account for the proceeds of revenues used for the purpose of implementing the public safety operations described above, among other things.

Measurement focus

The capital projects fund is accounted for on a spending or *financial flow* measurement focus. The schedule of revenues and expenditures for the fund generally presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in the fund balance.

Flow assumptions

Sometimes the Fund will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Fund's policy to consider restricted fund balance to have been depleted before using any of the unrestricted components of fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Also, it is the Fund's policy to first apply restricted resources when an expenditure has occurred and then apply unrestricted resources as needed.



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**Independent Auditor’s Report on Additional Information
Regarding the Public Safety Facilities Capital Projects
Fund 502 of the City of El Cajon**

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Our audit of the Public Safety Facilities Capital Projects Fund 502 (the Fund) of the City of El Cajon included the procedures identified below, as well as other procedures performed in connection with our audit of the financial statements of the City of El Cajon (City) for the year ended June 30, 2023 which resulted in our unmodified opinion that the financial statements of the City were fairly presented in accordance with generally accepted accounting principles. This information regarding our audit of the Fund has been provided to communicate to the Citizens’ Oversight Committee the results of the audit procedures identified below:

1. We analyzed the following documents in order to gain an understanding of the requirements stated in the Measure:
 - Ordinance No. 4784
 - Ordinance No. 4794
 - Resolution No. 154-04
 - Resolution No. 155-04

Results:

We noted that the City Council placed before the voters of the City of El Cajon a Public Safety Facilities Bond Measure (the Measure) relating to the imposition of a one-half of one percent (0.50%) transaction and use tax to fund new and improved public safety facilities. The election on the Measure was held on November 2, 2004 at which time the voters were asked whether or not the City should implement a one-half of one percent sales tax for 10 years to improve public safety and emergency response throughout the City by replacing aging, overcrowded police and fire facilities with combined earthquake-safe facilities including the latest public safety technology and an Emergency Operations Center to coordinate disaster response. The Measure presented to the voters provided that such bonds would be issued with a Citizens’ Oversight Committee and independent financial audits. Furthermore, the proceeds of the tax collection are to be used to fund new and improved public safety facilities. At the election on November 2, 2004, the voters passed the Measure, identified as Proposition O on the ballot, and the results of such election were duly certified by the City Council by means of resolution at a regular meeting held on November 23, 2004.

Citizens' Oversight Committee and City Council
City of El Cajon, California

2. We obtained and reviewed a summary revenue detail report from the City's general ledger for the Fund for the fiscal year ended June 30, 2023. We reviewed supporting cash receipts to test whether the City had properly recorded receipts of the voter approved transaction and use tax in the amount of one-half of one percent (0.50% sales tax).

Results:

We noted no exceptions or material modifications as a result of our procedures. There were no residual receipts of the voter approved transaction received (and accrued, if applicable) in the current year.

3. We obtained an understanding from the City of the methodology used to allocate investment income. We also tested the computation used to support the allocation of the amount of investment income and the change in the fair market value to determine if the same were reasonably allocated to the Fund.

Results:

We noted no exceptions or material modifications as a result of our procedures. Investment income and the change in the fair market value were reasonable with respect to the Fund as of June 30, 2023.

4. We obtained and reviewed a summary expenditure detail from the City's general ledger for the Fund for the fiscal year ended June 30, 2023. We selected individually significant invoices listed in this expenditure detail report and tested whether adequate supporting documentation (vendor/supplier invoices, receipts, etc.) existed and whether the expenditure related to the specific projects stated in the Measure. We also examined the supporting documentation to test whether the amounts agreed to the City's general ledger and that no unallowable costs were charged to the Fund.

Results:

We noted no exceptions or material modifications as a result of our procedures. Adequate supporting documentation existed for selected items and the expenditures related to the specific projects stated in the Measure. In addition, amounts on the supporting documentation agreed to the City's general ledger and no unallowable costs to the Fund were detected by our testing.

Citizens' Oversight Committee and City Council
City of El Cajon, California

5. We obtained and reviewed selected payroll entries to test whether the allocation of salaries to the Fund were reasonable. We obtained an understanding from the City of the methodology used to allocate salaries, as well as reviewed documentation supporting these allocations to the Fund. In addition, we inquired selected employees' salaries charged to the Fund to determine if the salaries allocated were reasonable based upon duties performed.

Results:

We noted no exceptions or material modifications as a result of our procedures. Salaries charged to Fund 502 - Public Safety Facilities Capital Projects Fund appeared reasonable in relation to the activities and duties performed by the related personnel.

This report is intended solely for the information and use of the City Council, management of the City of El Cajon and the Citizens' Oversight Committee and is not intended to be and should not be used by anyone other than these specified parties. However, this limitation is not meant to limit the distribution of this report which is a matter of public record.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
February 8, 2024



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**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 Auditor's Report

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El Cajon, 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 accompanying schedule of revenues and expenditures of the Public Safety Facilities Capital Projects Fund 502 (the Fund) of the City of El Cajon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated February 8, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's 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 Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 Funds' 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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 Fund'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 Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
February 8, 2024