

CITY OF WILDOMAR, CALIFORNIA

MEASURE A LOCAL STREETS AND ROADS PROGRAM

Independent Accountant's Report on
Applying Agreed-Upon Procedures

For the Year Ended June 30, 2015



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Commissioners
Riverside County Transportation Commission
Riverside, California

We have performed the procedures enumerated below, which were agreed to by the Riverside County Transportation Commission (RCTC), solely to assist RCTC in determining whether the City of Wildomar, California (City) was in compliance with the Measure A Local Streets and Roads Program grant terms and conditions for the year ended June 30, 2015. The City's management is responsible for compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 2009 Measure A (Ordinance 02-001) compliance requirements. Western County jurisdictions are required to participate in the Transportation Uniform Mitigation Fee (TUMF) program and in the Multi-Species Habitat Conservation Plan (MSHCP), which are administered by the Western Riverside Council of Governments (WRCOG) and the Western Riverside County Regional Conservation Authority (RCA), respectively. Coachella Valley jurisdictions are required to participate in the TUMF program administered by the Coachella Valley Association of Governments (CVAG). We indicated the City's participation in TUMF and/or MSHCP programs.

Results: No exceptions were noted as a result of our procedures. The City participates in both TUMF and MSHCP programs.

2. We obtained from RCTC the approved Five-Year Capital Improvement Plan (CIP) for the fiscal year.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from the jurisdiction a detail general ledger and balance sheet for the fiscal year.

- a. We identified the amount of Measure A cash and investments recorded at the end of the fiscal year. We also compared the amount to Measure A fund balance and we obtained an explanation for any differences greater than 25% of fund balance.

Results: The City recorded Measure A cash and investments in the amount of \$616,076 as of June 30, 2015. Total Measure A fund balance as of June 30, 2015 was \$599,835. The difference between Measure A fund balance and cash and investments is \$16,241, which is 2.7% of the fund balance.

- b. We identified any amounts due from other funds.

Results: There were no amounts due from other funds as of June 30, 2015.

- c. We identified the components of ending fund balance for the Measure A activity (e.g., non-spendable, restricted, assigned, committed and unassigned).

Results: The City recorded \$599,835 in restricted fund balance related to Measure A activity as of June 30, 2015.

- d. We identified the existence of any restatement of Measure A fund balance and inquired of management as to the reason for any restatement and obtained a summary of the restatement items.

Results: There was no restatement of prior year Measure A fund balance.

- 4. We obtained an operating statement for the Measure A activity for the fiscal year (Exhibit A), including budget amounts.

- a. We reviewed the revenues in the operating statement.

- i. We inquired of management as to what fund is used to record Measure A revenues received from RCTC and identify what the total revenues were for the fiscal year.

Results: The City accounts for Measure A revenue received from RCTC in its Measure A Fund (Fund #201). The City has recorded total revenues in the amount of \$541,889 for the fiscal year ended June 30, 2015.

- ii. We obtained from RCTC a listing of Measure A payments to the City and compared the Measure A sales tax revenues recorded by the City to the listing of payments made by RCTC.

Results: We identified the following variance between the Measure A sales tax revenues recorded by the City in comparison to the RCTC Measure A payment schedule.

Measure A payments made by RCTC	\$ 541,755
Measure A revenue recorded by the City	<u>(541,889)</u>
Variance	<u>\$ (134)</u>

The variance was a result of the following:

FY 2015 Clean-up payment recorded in FY 2015	\$ 14,062
FY 2014 Clean-up payment recorded in FY 2015	<u>(14,196)</u>
Total	<u>\$ (134)</u>

- iii. We obtained from the City an interest allocation schedule for the fiscal year and identified the allocation amount of interest income to Measure A activity and what the amount of interest income was for the fiscal year. If no interest was allocated, we inquired of management as to the reason for not allocating interest income.

Results: No interest was allocated to the Measure A activity for the fiscal year ended June 30, 2015. The City explained that because the amount of interest is small, all interest is allocated to the City's general fund. The City further stated that it was advised by their external auditors that interest allocation for Measure A was not necessary.

- b. We reviewed the expenditures in the operating statement.

- i. We inquired of management as to what fund is used to record Measure A expenditures and what the total expenditures were for the fiscal year.

Results: The City accounts for Measure A expenditures in its Measure A Fund (Fund #201). The City has recorded total Measure A expenditures in the amount of \$1,055,517 for the fiscal year ended June 30, 2015.

- ii. We selected expenditures for testing that comprise at least 20% of the total expenditures.

Results: The City recorded Measure A expenditures in the amount of \$1,055,517. We selected \$367,114 (34.8%) for testing.

- 1. For the expenditures selected for testing, we compared the dollar amount listed on the general ledger to the supporting documentation.

Results: No exceptions were noted.

2. For the expenditures selected for testing, we reviewed the 5-Year CIP and noted if the project is included in the 5-Year CIP and is an allowable cost.

Results: The expenditures selected for testing were included in the 5-Year CIP and were allowable costs. No exceptions were noted as a result of our procedures.

- iii. We inquired of management as to the nature of any transfers in or out recorded in the Measure A fund. For any transfers out, we determined if the nature of transfer out was included in the 5-Year CIP.

Results: The City recorded \$38,541 of transfers out to the City's general fund for administrative expenses. This transfer out is included in the City's 5-Year CIP.

- iv. We inquired of management as to the amount of general or non-project related indirect costs, if any, included in expenditures. If indirect costs exceeded 8% of Measure A revenue, we inquired of management as to the basis for indirect costs charged to Measure A. If indirect costs were identified, we determined if such costs were included in the 5-Year CIP.

Results: There was a total of \$38,541 of indirect costs charged against Measure A revenue, which represents 7.1% of Measure A revenue. The indirect costs were recorded as transfers out and were included in the City's 5-Year CIP.

- v. We inquired of management as to the amount of debt service expenditures recorded in the Measure A fund.

1. For cities with advance funding agreements with RCTC (Blythe, Canyon Lake, Indio), we compared debt service expenditures to Measure A payments withheld by RCTC.

2. For cities with other indebtedness, we determined if such costs were included in the 5-Year CIP.

Results: There were no debt service expenditures included in Measure A expenditures.

5. We compared the budgeted expenditures to actual amounts and inquired of management as to the nature of significant budget variances.

Results: The following schedule compares the budgeted expenditures to actual amounts.

	Budget	Actual	Variance
Construction and maintenance	\$ 1,763,670	\$ 1,016,976	\$ 746,694
Transfers out	38,500	38,541	(41)
Total expenditures	\$ 1,802,170	\$ 1,055,517	\$ 746,653

The variance in construction and maintenance budget versus actual costs are due to projects that were not completed or started during fiscal year 2014-2015.

6. We obtained from RCTC a listing of jurisdictions who participate in the Western County or Coachella Valley TUMF programs.

a. If the jurisdiction is a participant in the TUMF program, we selected at least one disbursement for validation as to the amount remitted to WRCOG or CVAG, as applicable.

Results: We tested one disbursement for \$79,857 and no exception was noted.

b. We noted the total amount of TUMF fees collected and remitted during the fiscal year.

Results: The total amount of TUMF fees collected and remitted during the fiscal year ended June 30, 2015 was \$236,776.

7. We obtained from RCTC a listing of jurisdictions who participate in the Western County MSHCP program.

a. If the jurisdiction is a participant in the MSHCP program, we selected at least one disbursement for validation as to the amount remitted to RCA, as applicable.

Results: We tested one disbursement for \$17,442 and no exception was noted.

b. We inquired of management as to the existence of any fees collected in prior years and not remitted to RCA as of the end of the fiscal year.

Results: Per discussion with management and our review of the revenue recorded in the general ledger, there were no fees collected in prior years that were not remitted to RCA.

c. We noted the total amount of MSHCP fees collected and remitted during the fiscal year.

Results: The total amount of MSHCP fees collected and remitted during the fiscal year ended June 30, 2015 was \$42,767.

8. We obtained from RCTC the MOE base year requirement, including supporting detail of calculations for the City, and the carryover amount allowed as of July 1, 2014.
 - a. We obtained from the City a calculation of its current year MOE amount in the format similar to its base year calculation. We attached a copy of the calculation worksheet as an exhibit B to the report.
 - b. We compared the current year MOE amounts from the General Fund to the general ledger.
 - c. We reviewed the General Fund general ledger to determine if there were any transfers in to fund any MOE amounts.
 - d. We compared the amount of current year MOE expenditures to the MOE base requirement and added any excess to, or subtracted any deficiency from, the carryover amount.
 - e. If the amount of discretionary funds spent is less than the MOE base requirement (MOE deficiency), we determined the amount of any prior year MOE carryover using the information obtained from RCTC and reduced the MOE deficiency by any available MOE carryover to determine an adjusted current year expenditure amount.

Results: We found that the City had a minimum MOE base year requirement of \$0 and did not have any MOE expenditures for the year ended June 30, 2015. In addition, since there were \$0 MOE expenditures, there is no Exhibit B attached to the report.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the City of Wildomar's compliance with the Measure A Local Streets and Roads Program grant terms and conditions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Riverside County Transportation Commission and the City of Wildomar, and is not intended to be and should not be used by anyone other than these specified parties.

BCA Watson Rice, LLP

Torrance, CA
September 25, 2015

EXHIBIT A

CITY OF WILDOMAR, CALIFORNIA

MEASURE A LOCAL STREETS AND ROADS PROGRAM

Summary of Revenues and Expenditures

Year Ended June 30, 2015

(Unaudited)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenue</u>			
Measure A	\$ 502,000	\$ 541,889	\$ 39,889
Total revenue	<u>502,000</u>	<u>541,889</u>	<u>39,889</u>
<u>Expenditures</u>			
Construction and maintenance	1,763,670	1,016,976	746,694
Transfers out	38,500	38,541	(41)
Total expenditures	<u>1,802,170</u>	<u>1,055,517</u>	<u>746,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,300,170)</u>	<u>\$ (513,628)</u>	<u>\$ 786,542</u>

Note: The above numbers were taken directly from the financial records of the City of Wildomar and were not audited.