

CITY OF WILDOMAR, CALIFORNIA

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

**For the Year Ended June 30, 2015
(With Comparative Totals for 2014)**



21250 Hawthorne Blvd. Suite 150 Torrance, CA 90503
t: (310) 792-4640 f: (310) 792-4140

CITY OF WILDOMAR, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUNDS
BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

Financial Statements
For The Year Ended June 30, 2015
(With Comparative Totals for 2014)

Table of Contents

	<u>Page</u>	
Independent Auditor’s Report	1	
Financial Statements		
Balance Sheet.....	4	
Statement of Revenues, Expenditures and Changes in Fund Balance.....	5	
Notes to Financial Statements.....	6	
Required Supplementary Information		
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Year Ended June 30, 2015	11	
Notes to Required Supplementary Information	12	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		13
Schedule of Audit Findings and Responses.....	15	
Status of Prior Year Audit Findings and Responses.....	16	

INDEPENDENT AUDITOR'S REPORT

The City Council
City of Wildomar
Wildomar, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act (TDA) Article 3 funds of the Bicycle and Pedestrian Facilities Program Fund (Fund) of the City of Wildomar, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TDA Article 3 Fund of the City, as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Comparative Information

We have previously audited the City's 2014 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 22, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

As discussed in Note 1 to the financial statements, the accompanying financial statements of the Fund are intended to present the financial position and the changes in the financial position attributable to the Fund. They do not purport to, and do not, present fairly the financial position of the City of Wildomar, California, as of June 30, 2015, and the changes in its financial position

for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 City's internal control over financial reporting and compliance.

BCA Watson Rice, LLP

Torrance, CA
October 28, 2015

CITY OF WILDOMAR, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS
BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

Balance Sheet
June 30, 2015
(With Comparative Totals for 2014)

	2015	2014
<u>Assets</u>		
Due from other governments	\$ 67,710	\$ 62,305
Total assets	\$ 67,710	\$ 62,305
<u>Liabilities and Fund Balance</u>		
Due to other fund	\$ 67,710	\$ 263,535
Deferred revenue	13,741	62,305
Total liabilities	81,451	325,840
Fund balance – assigned	(13,741)	(263,535)
Total liabilities and fund balance	\$ 67,710	\$ 62,305

See accompanying notes to the financial statements.

CITY OF WILDOMAR, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS
BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

	2015	2014
Revenues		
TDA Article 3 allocation	\$ 288,623	\$ -
Total revenues	288,623	-
Expenditures		
Construction and maintenance	38,829	201,230
Total expenditures	38,829	201,230
Excess (deficiency) of revenues over expenditures	249,794	(201,230)
Fund balance, beginning of year	(263,535)	(62,305)
Fund balance, end of year	\$ (13,741)	\$ (263,535)

See accompanying notes to the financial statements.

CITY OF WILDOMAR, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS
BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

Notes to Financial Statements
June 30, 2015

1. GENERAL INFORMATION

The financial statements are intended to reflect the financial position and results of operations for the Transportation Development Act (TDA) Article 3 Funds Bicycle and Pedestrian Facilities Program only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City and changes in financial position thereof for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Pursuant to Section 99234 of the California Public Utilities Code, Article 3 monies may be used only for facilities provided for the exclusive use of pedestrians and bicycles, including construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (which are closed to motorized traffic) and bicycle safety education programs. Facilities that provide for the use of bicycles may include projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots, and transit terminals where other funds are unavailable. Funding for this program was authorized by the Riverside County Transportation Commission (RCTC).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, and fund balances showing the level of constraint governing the use of the funds. The City accounts for the activity of its TDA Article 3 funds within its TDA Fund, which is a Special Revenue Fund. These funds are legally restricted for specific purposes and are included in the basic financial statements of the City.

CITY OF WILDOMAR, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS
BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

Notes to Financial Statements
June 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the revenues are available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

Revenue

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. For the City, funds received under the Bicycle and Pedestrian Facilities Program possess the characteristic of a voluntary non-exchange transaction similar to a grant. Revenues under TDA Article 3 are recognized in the period when all eligibility requirements have been met.

Deferred revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. Deferred revenue also arises 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 deferred revenue is removed from the balance sheet and revenue is recognized.

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 WILDOMAR, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS
BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

Notes to Financial Statements
June 30, 2015

3. DUE FROM OTHER GOVERNMENTS

Due from other governments as of June 30, 2015 in the amount of \$67,710 represents receivables from RCTC for allowable TDA Article 3 expenditures.

4. DUE TO OTHER FUNDS

Due to other funds as of June 30, 2015 in the amount of \$67,710 represents payables from TDA Program funds to reimburse payment of allowable TDA Article 3 expenditures from other funds.

5. FUND BALANCE

The City reported a deficit fund balance of \$13,741 as of June 30, 2015. The City plans on filing a claim for eligible TDA Article 3 expenditures in FY 2016 and the deficit will be cured when the City receives reimbursement from RCTC.

6. RESTRICTIONS

Funds received pursuant to California Public Utilities Code §99234 (TDA Article 3) may only be used for pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (which are closed to motorized traffic) and bicycle safety education programs.

7. CONTINGENCIES

See the City's basic financial statements for disclosures related to contingencies including those relating to various legal actions, administrative proceedings or claims in the ordinary course of operations.

CITY OF WILDOMAR, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS
BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

Notes to Financial Statements
June 30, 2015

8. COMPARATIVE FINANCIAL DATA

Comparative total data for the prior year are presented in the accompanying financial statements in order to provide an understanding of changes in the fund's financial position and operations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WILDOMAR, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS
BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

	FY 2015			FY 2014				
	Budget Amounts	Final	Actual	Variance with Final Budget	Budget Amounts	Final	Actual	Variance with Final Budget
Revenues:								
TDA Article 3 allocations	\$ 781,300	\$ 781,300	\$ 288,623	\$ (492,677)	\$ -	\$ -	\$ -	\$ -
Total revenue	781,300	781,300	288,623	(492,677)	-	-	-	-
Expenditures:								
Construction and maintenance	310,000	310,000	38,829	271,171	-	-	201,230	(201,230)
Total expenditures	310,000	310,000	38,829	271,171	-	-	201,230	(201,230)
Excess (deficiency) of revenues over (under) expenditures	\$ 471,300	\$ 471,300	249,794	\$ 221,506	\$ -	\$ -	(201,230)	\$ (201,230)
Fund balance, beginning of year			(263,535)				(62,305)	
Fund balance, end of year			\$ (13,741)				\$ (263,535)	

See accompanying notes to required supplementary information.

CITY OF WILDOMAR, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS
BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

Notes to Required Supplementary Information
June 30, 2015

BUDGETARY DATA

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 appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

**INDEPENDENT AUDITOR'S 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***

The City Council
City of Wildomar
Wildomar, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Transportation Development Act (TDA) Article 3 Funds of the Bicycle and Pedestrian Facilities Program Fund (Fund) of the City of Wildomar, California (City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 28, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in

internal control over financial reporting that we consider to be a material weakness. 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and policies and procedures adopted by RCTC, 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and policies and procedures adopted by RCTC.

Restriction on Use

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

BCA Watson Rice, LLP

Torrance, CA
October 28, 2015

CITY OF WILDOMAR, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS
BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

Schedule of Audit Findings and Responses
For the Year Ended June 30, 2015

There were no audit findings.

CITY OF WILDOMAR, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS
BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

Status of Prior Year Audit Findings and Responses
For the Year Ended June 30, 2015

There were no prior year audit findings.