



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) (specified party), solely to assist RCTC in determining whether the City of Wildomar, California (the City) (responsible party), was in compliance with the Measure A Local Streets and Roads Program grant terms and conditions for the fiscal year ended June 30, 2020. The City's management is responsible for compliance with the program terms and conditions of the Measure A Local Streets and Roads Program. The sufficiency of these 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.

Our procedures and related findings are as follows:

1. Review 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). Indicate participation in TUMF and/or MSHCP programs.

Finding: We reviewed the 2009 Measure A Ordinance (Ordinance 02-001). We also confirmed that the City participates in the TUMF program administered by WRCOG and the MSHCP administered by RCA.

2. Obtain from RCTC the approved 5-Year Capital Improvement Plan (CIP) for the fiscal year.

Finding: We obtained the City's 5-Year CIP and amendment No. 1 for fiscal year 2020 approved by RCTC.

3. Obtain from the jurisdiction a detail general ledger and balance sheet for the fiscal year.
 - a. Identify the amount of Measure A cash and investments recorded at the end of the fiscal year. Compare amount to Measure A fund balance and provide an explanation for any differences greater than 25% of fund balance.

Finding: We obtained the City's detailed trial balance for fiscal year 2020. The Measure A cash and investments were \$0 at June 30, 2020. The difference between Measure A cash and investments of \$0 and fund balance of \$86,651 was \$86,651 or 100% of the fund balance. Per inquiry with City management, the difference is primarily attributable to a due from other City funds expected to be received in fiscal year 2021.

- b. Identify any amounts due from other funds.

Finding: Per review of the City's detailed trial balance, \$85,283 was due from other City funds as of June 30, 2020. Per inquiry with City management, cash from the Measure A fund was used to offset negative cash balances in other City funds for financial reporting purposes and therefore, due from other City funds was recorded. The journal entry was reversed in fiscal year 2021.

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

Finding: The ending fund deficit for the City's Measure A activity was unassigned in the amount of \$86,651 at June 30, 2020.

- i. Identify the existence of any restatement of Measure A fund balance; inquire of management as to the reason for any restatement and provide a summary of the restatement items.

Finding: Per review of the City's trial balance for fiscal year 2020, we noted that there were no restatements to the Measure A fund balance as of July 1, 2019.

- ii. Compare ending fund balance to total revenues for the current year and prior two years. If ending fund balance is greater than the sum of total revenues for the three-year period, inquire of management as to the reason(s) for the accumulation of fund balance (e.g., status of specific projects included in the 5-Year CIP).

Finding: Per review of the City's trial balance for fiscal year 2020 and prior year financial statements for the fiscal years ended June 30, 2019 and 2018, respectively, ending fund balance of \$86,651 was less than the sum of total revenues for the 3 year period of \$2,007,232. Thus no explanation from City management was required.

- 4. Obtain an operating statement for the Measure A activity for the fiscal year, including budget amounts, and include the operating statement as an exhibit to the report.

- a. Review the revenues in the operating statement.

- i. Inquire 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.

Finding: We obtained the City's detailed trial balance for fiscal year 2020. We inquired of City management and noted that the City accounts for Measure A revenues in its Measure A Special Revenue Fund (Fund #201). The City recorded total revenues in the amount of \$684,674 for the fiscal year ended June 30, 2020 (refer to Exhibit A).

- ii. Obtain from RCTC a listing of Measure A payments to the jurisdiction. Compare the Measure A sales tax revenues recorded by the jurisdiction to the listing of payments made by RCTC.

Finding: We obtained the Measure A Local Streets and Roads Annual Disbursement report from RCTC and agreed the total disbursement amount of \$684,635 to the recorded Measure A sales tax revenues in the City's detailed trial balance without exception.

- iii. Obtain from the jurisdiction an interest allocation schedule for the fiscal year.
 - 1. Identify 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, inquire of management as to reason for not allocating interest income.

Finding: We obtained the City's Worksheet for Interest Apportionment for fiscal year 2020 and noted that interest revenue of \$39 was allocated to the Measure A special revenue fund for the fiscal year ended June 30, 2020.

- b. Review the expenditures in the operating statement.
 - i. Inquire of management as to what fund is used to record Measure A expenditures and what the total expenditures were for the fiscal year.

Finding: We inquired of City management and noted that the City accounts for Measure A expenditures in its Measure A Special Revenue Fund (Fund #201). The City recorded total Measure A expenditures in the amount of \$539,197 for the fiscal year ended June 30, 2020 (refer to Exhibit A).

- ii. Select expenditures for testing that comprise at least 20% of the total Measure A expenditures.

Finding: We haphazardly selected seven transactions for \$109,708, which represents 20% of the total Measure A expenditure balance for the fiscal year ended June 30, 2020.

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

Finding: No exceptions were noted as a result of applying this procedure.

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

Finding: The expenditures selected for testing were included in the 5-Year CIP and were allowable costs. No exceptions were noted as a result of applying this procedure.

- iii. Inquire of management as to the nature of any transfers in or out recorded in the Measure A Fund. For any transfers out, determine if nature of transfer out was included in the 5-Year CIP.

Finding: Per inquiries with the City's management and review of the detailed trial balance, the City had recorded transfers out of the Measure A special revenue fund into its General fund in the amount of \$54,800 for fiscal year 2020. These transfers were for cost allocations, which were included in the 5-Year CIP plan.

- iv. Inquire of management as to the amount of general or non-project-related indirect costs, if any, included in expenditures. If indirect costs exceed 8% of Measure A revenue, inquire of management as to the basis for indirect costs charged to Measure A. If indirect costs are identified, determine if such costs are included in the 5-Year CIP.

Finding: Per our inquiries of management and review of the City's Expenditure Report, we noted that the City allocated administrative overhead expenditures of \$54,800 to the Measure A special revenue fund, which is 8% of the fiscal year 2020 Measure A revenues of \$684,635. Administrative overhead expenditures are included in transfers out of \$54,800 in Exhibit A. Indirect costs are included in the City's 5-Year CIP plan.

- v. Inquire 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, compare debt service expenditures to Measure A payments withheld by RCTC.

Finding: Per inquiries of management, the City does not have an advanced funding agreement with RCTC for fiscal year 2020.

2. For cities with other indebtedness, determine if such costs are included in the Five-Year CIP.

Finding: Per inquiries of management and review of the City's trial balance, the City did not have other debts for fiscal year 2020 related to Measure A.

3. Compare debt service expenditures to prior year amount. If debt service expenditures have increased or decreased at least 25%, inquire of management as to the reason for the change in debt service expenditures.

Finding: Per review of the City's detailed trial balance for fiscal year 2020 and prior year financial statements, the City did not have debt service expenditures in the current or prior year.

5. Obtain 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, select at least one disbursement for validation as to the amount remitted to WRCOG or CVAG, as applicable.

Finding: The City passed on ordinance in fiscal year 2019 for WROG to calculate and collect TUMF fees on the City's behalf. Therefore, this procedure was not applicable.

- b. Indicate the total amount of TUMF fees collected and remitted during the fiscal year.

Finding: Per review of the City's trial balance for the TUMF program, the total amount of fees collected was \$0 and the total amount remitted was \$5,607. Per inquiry with management, the variance of \$5,607 between fees collected and remitted was due to an overpayment received in fiscal year 2019 related to the Clinton Keith Road project that was remitted back to the payee.

6. Obtain 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, select at least one disbursement for validation as to the amount remitted to RCA, as applicable.

Finding: We obtained the City's trial balance for the MSHCP program and haphazardly selected one disbursement paid to RCA in the amount of \$21,680. We agreed the amount to the invoice to validate that the amount was remitted to RCA without exception.

- b. Inquire 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.

Finding: Per inquiries of City management and review of the City's detailed trial balance for the MSHCP program, there were no amounts collected in the prior year and not remitted to RCA as of June 30, 2020.

- c. Indicate the total amount of MSHCP fees collected and remitted during the fiscal year.

Finding: Per review of the City's trial balance for the MSHCP program, the total amount of fees collected and remitted was \$176,427 for the year ended June 30, 2020.

7. Obtain from RCTC the Maintenance of Effort (MOE) base year requirement, including supporting detail of the calculations for the City, and the carryover amount allowed as of the beginning of the fiscal year.

- a. Obtain from the City a calculation of its current year MOE amount in the format similar to its base year calculation. Attach a copy of the calculation worksheet provided by the City as an exhibit to the report.

Finding: There is no MOE base requirement for the City.

- b. Compare the current year MOE amounts from the General Fund to the general ledger.

Finding: There is no MOE base requirement for the City.

- c. Review the General Fund general ledger to determine if there were any transfers in to fund any MOE amounts.

Finding: There is no MOE base requirement for the City.

- d. Compare the amount of current year MOE expenditures to the MOE base requirement and add any excess to, or subtract any deficiency from, the carryover amount.

Finding: There is no MOE base requirement for the City, and as such there were no current year MOE expenditures.

- e. If the amount of discretionary funds spent is less than the MOE base requirement (MOE deficiency), determine the amount of any prior year MOE carryover using the information obtained from RCTC, and reduce the MOE deficiency by any available MOE carryover to determine an adjusted current year expenditure amount.

Finding: There is no MOE base requirement for the City.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the program terms and conditions of the Measure A Local Streets and Roads Program. Accordingly, we do not express such an opinion or conclusion. 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 Board of Commissioners and management of RCTC and is not intended to be and should not be used by anyone other than this specified party.

Macias Gini & O'Connell LLP

San Diego, California
January 7, 2021

CITY OF WILDOMAR, CALIFORNIA
Measure A Operating Statement
For the Fiscal Year Ended June 30, 2020
(Unaudited)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Measure A	\$ 627,000	\$ 684,635	\$ 57,635
Interest Income	-	39	39
Total revenues	<u>627,000</u>	<u>684,674</u>	<u>57,674</u>
Expenditures:			
Personnel Costs	51,000	53,930	(2,930)
Construction and Maintenance	562,400	430,467	131,933
Transfers Out	<u>54,000</u>	<u>54,800</u>	<u>(800)</u>
Total expenditures	<u>667,400</u>	<u>539,197</u>	<u>128,203</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>\$ (40,400)</u>	<u>\$ 145,477</u>	<u>\$ 185,877</u>