



Measure AA

Annual Report

Fiscal Year 2022-2023

June 12th, 2024

Oversight Advisory Committee

Kathleen Kovich, Chair
Shawn Peukert, Vice Chair
Carlos Hernandez, Committee Member
Eric Bunge, Committee Member
Vacant, Committee Member

Report from the Committee

On November 6, 2018, Wildomar residents voted on a 1-cent sales tax (Measure AA) to fund the services from police, fire, homelessness programs, and the maintenance and improvement of city roads. The election results were certified by the Riverside County Register of Voters and the Measure was approved by 58.67% of the Wildomar residents who voted.

On February 13, 2019, City Council meeting, the Council adopted Resolution 2019-12 which established the organization, objectives, and responsibilities of the committee per the requirements of Ordinance No. 161, which was the ordinance enacting the voter-approved Transaction and Use Tax referred to as Measure AA.

The inaugural Measure AA committee members were appointed by the City Council at their June 10, 2019 meeting, and began their bi-annual review meetings on August 22, 2019. The committee met three times in the 2019-2020 fiscal year. At the June 11, 2020 meeting, the committee voted to meet on a quarterly basis.

The current members of the committee at the time of this report are:

Kathleen Kovich, Chair
Shawn Peukert, Vice Chair
Carlos Hernandez, Committee Member
Eric Bunge, Committee Member
Vacant, Committee Member

The committee has reviewed the budgetary and financial information provided to them by staff, asked questions about the information for clarity and understanding, and accepted the staff's reports. The enclosed audited financial statements were completed by the firm of Rogers, Anderson, Malody, & Scott, LLP, Certified Public Accountants of Riverside, CA. Their opinion is as follows:

"In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Fund as of June 30, 2023, 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."

The following pages cover the services funded for the Police Department, Fire Department, the Homelessness Program / Code Enforcement, and the Public Works Road Engineering and Maintenance program.

Measure AA FY 2022-2023 Annual Committee Report

Financial Summary

The original fiscal year 2022-2023 revenue and expenditure budgets for Measure AA were approved by the City Council on June 9th, 2021 as part of the City's FY2021-22 & FY2022-23 Biennial Budget. The original budget consisted of \$3,591,300 in revenue and \$4,064,000 in expenditures. On June 8th, 2022, the FY2022-23 Amended Budget was adopted. The amended budget consisted of \$5,077,600 in estimated revenues and \$5,666,800 in estimated expenditures. During FY2022-23 the City Council approved several adjustments to the budgeted amounts. The final 4th Quarter Adjusted Budget Report projected estimated revenues of \$5,794,400 and total appropriations of \$4,736,100. With the approved changes the estimated ending fund balance was \$6,954,109.

July 1st, 2022 the Measure AA Fund had a positive Fund Balance of \$5,895,808. During FY2022-23 actual sales and use tax revenues collected were \$5,366,468 or \$301,132 below the estimated sales tax revenues budgeted at 4th quarter. Additional revenues of \$54,914 from interest revenue and \$25,000 from settlement income were also added to the fund for a revenue total of \$5,446,382. Combined with the July 1st, 2022 Fund Balance, Measure AA had \$11,342,190 in available resources.

Actual expenditures were \$3,728,688 or \$1,007,412 below the estimated final expenditures budgeted. The year-end fund balance was \$7,613,501 or \$659,392 above the final budgeted estimate. The following summarizes the fiscal data included in the *FY2022-2023 Audited Annual Financial Report for Measure AA*.

Revenues

The Measure AA actual revenues totaled \$5,446,382. There was an unfavorable variance of \$348,018 below the final budget of \$5,794,400. Revenues for the fiscal year consisted of sales and use tax remittances totaling \$5,366,468, interest income of \$54,914, and settlement proceeds of \$25,000 to reimburse the City for legal costs related to a case on a property that harbored unsheltered individuals in violation of City municipal code.

Sales and Use Tax Revenues for FY 2022-2023

| | |
|--|--------------------|
| July - Sept. Sales and Use Tax Revenues | \$1,368,825 |
| Oct. - Dec. Sales and Use Tax Revenues | \$1,351,783 |
| Jan. - March Sales and Use Tax Revenues | \$1,265,408 |
| April - June Sales and Use Tax Revenues | \$1,380,451 |

Police Department

Original Budget \$923,800

Adjusted Budget \$903,000

Actual Expenses \$918,424

The Measure AA funded police services began on July 1, 2019, and included the addition of traffic enforcement patrols, which required a specialized motorcycle. The motorcycle was purchased using AA funds. In FY2020-21 the City added a Community Services Officer and Community Patrol Officer. In FY2021-22 the City contracted with Flock Safety to place Automated License Plate Reader Cameras throughout the City to identify criminal activity in the City. In FY 2022-23 the City renewed the contract with Flock to maintain these camera services.

The actual expenditures are categorized as follows:

| | |
|---|------------------|
| Police Department Services | \$870,376 |
| PD Motorcycle fuel, maintenance, equipment, and supplies | \$ 13,048 |
| Automatic License Plate Reader (Flock) Cameras | \$ 35,000 |

An unfavorable budget variance of \$15,424 occurred at year-end from the Police Department services due to slightly higher than anticipated rates.

| | |
|---|------------|
| Motor Traffic Officer Citations Written in FY 2022-23 | 985 |
| Motor Traffic Officer DUI's Cited in FY 2022-23 | 59 |
| Motor Traffic Officer Collision Responses in FY 2022-23 | 374 |
| Motor Traffic Officer Traffic Stops in FY 2022-23 | 383 |
| Community Service Officer Parking Patrol Hours | 241 |
| Community Patrol Officers Attended to Various Quality of Life Issues Throughout the City | |

Fire Department

| | |
|------------------------|--------------------|
| Original Budget | \$1,588,500 |
| Adjusted Budget | \$1,507,500 |
| Actual Expenses | \$1,310,658 |

The Measure AA fire department services began on January 6, 2020, with the purchase of a medic squad truck. The medic squad team and support services are funded with Measure AA revenue. In 2021, the City began providing weed abatement services utilizing shared County staff. In May 2023, the City contracted with Riverside County for a dedicated Fire Marshal to provide fire prevention services. A portion of this position is allocated to Measure AA for weed abatement services.

The actual expenditures are categorized as follows:

| | |
|--|--------------------|
| Fire Department Services | \$1,310,317 |
| Furniture, Equipment, and Admin | \$ 341 |

A favorable budget variance of \$196,842 was achieved at year-end from the Fire Department activities. The favorable variance was due to the County Fire Department's use of top-step cost estimates for the budgeted positions.

| | |
|--|--------------|
| Medic Squad In-City responses in FY 2022-23 | 1,657 |
| Weed Abatement Inspections in FY 2022-23 | 5,831 |

Community Services

Homelessness Program

| | |
|------------------------|------------------|
| Original Budget | \$157,000 |
| Adjusted Budget | \$145,400 |
| Actual Expenses | \$141,237 |

The Homelessness Program services began on April 1, 2020. During FY2022-23 the City utilized a contractor to provide outreach services to unsheltered individuals within the City limits. The City ended the contract in March 2023 in order to utilize in-house Code Enforcement staff for outreach.

The actual expenditures are categorized as follows:

| | |
|------------------------------------|-------------------|
| Homelessness Administration | \$ 8,526 |
| Contract Outreach Services | \$ 132,711 |

A favorable budget variance of \$4,163 when compared to the adjusted budget was achieved at year-end from the Community Services - Homelessness Program activities. The favorable variance is due to the cessation of contract services.

| | |
|---|------------|
| Contacts Made in FY 2022-23 | 302 |
| Mental & Medical Referrals in FY 2022-23 | 25 |
| Housing Referrals in FY 2022-23 | 5 |

Measure AA FY 2022-2023 Annual Committee Report

Code Enforcement

Original Budget \$ 84,700

Adjusted Budget \$179,500

Actual Expenses \$135,000

During FY2022-23 the City and its contract partners strived to provide services to unsheltered populations in the City and to clean up areas that have had encampments located on them. Beginning in March 2023, the coordination of Homeless Services was transferred from contract partners to the City's Code Enforcement department.

The actual expenditures are categorized as follows:

| | |
|----------------------------------|------------------|
| Code Enforcement Services | \$102,804 |
|----------------------------------|------------------|

| | |
|---|------------------|
| County Emergency Services Contract Support | \$ 22,500 |
|---|------------------|

| | |
|--|-----------------|
| Radio Communications and Vehicles | \$ 9,696 |
|--|-----------------|

A favorable budget variance of \$44,500 when compared to the adjusted budget was achieved at year-end from the Code Enforcement activities. The favorable variance is due to less usage of contract support services than anticipated.

Contacts Made in FY 2022-23 **129**

Mental & Medical Referrals in FY 2022-23 10

Public Works Road Engineering and Maintenance Services

Original Budget \$1,307,000

Adjusted Budget \$1,978,300

Actual Expenses \$1,211,555

The Public Works-Road Maintenance services began on July 1, 2019. The City has been able to add an additional maintenance crew that allows for concentration on road maintenance work. The City is also authorized to charge some capital activity to Measure AA for road and street capital projects.

The actual expenditures are categorized as follows:

| | |
|---|------------------|
| Street Maintenance Engineering and Repair | \$821,649 |
| Slurry Seal Program | \$210,040 |
| Bundy Widening and Traffic Signal CIP026/ CIP077 | \$ 94,893 |
| Sedco Sidewalk Improvement | \$ 60,000 |
| Monte Vista CIP078 | \$ 24,972 |

A favorable budget variance of \$766,745 was achieved at year-end from the Public Works Road Engineering and Maintenance enhanced services. The savings were achieved due to lower-than-anticipated expenditures on capital projects during the pandemic.

| | |
|--|---------------|
| Potholes Repaired FY 2022-23 (ft²) | 18,407 |
| Signs Installed FY 2022-23 | 241 |
| Trees Trimmed FY 2022-23 | 186 |
| Posts Installed FY 2022-23 | 56 |
| Hours Removing Dumps FY 2022-23 | 175 |

Financial Audit and Measure AA Committee Admin Expenditures Attributed Directly to Measure AA

Original Budget \$ 3,000

Adjusted Budget \$ 22,400

Actual Expenses \$ 11,815

Each year certain expenditures will not be tied to any of the individual programs as they are administrative in nature and directly related to the Measure AA Fund. The City works to ensure that those expenditures are directly tied to the Measure AA approved expenditures before payment.

The actual expenditures are categorized as follows:

| | |
|--|-------------------|
| Auditor Services for Measure AA Report | \$ 2,615 |
| Banking & Admin Cost for FY 2022/2023 | \$ 7,409 |
| City Clerk | \$ 1,791 |

A favorable budget variance of \$10,585 occurred during the fiscal year due to fewer administrative costs for Measure AA than originally expected.

Measure AA FY 2022-2023 Annual Committee Report

Conclusion

The Measure AA Advisory and Oversight Committee submits this report to the City Council, and finds the actual use of funds consistent with the City Council's approved budgets for public services.

City of Wildomar *Wildomar Measure AA Fund*

Budgetary Comparison Schedule **For the year ended June 30, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Budgetary fund balance, beginning of year | \$ 5,895,808 | \$ 5,895,808 | \$ 5,895,808 | \$ - |
| Resources (inflows): | | | | |
| Taxes | 3,589,500 | 5,667,600 | 5,366,468 | (301,132) |
| Investment earnings | 1,800 | 101,800 | 54,914 | (46,886) |
| Settlement proceeds | - | 25,000 | 25,000 | - |
| Amounts available for appropriations | 9,487,108 | 11,690,208 | 11,342,190 | (348,018) |
| Charges to appropriations (outflow): | | | | |
| Current: | | | | |
| General government | 3,600 | 12,800 | 7,942 | 4,858 |
| Public safety | 2,477,300 | 2,374,800 | 2,191,953 | 182,847 |
| Community development | 70,700 | 156,700 | 117,861 | 38,839 |
| Culture and recreation | 157,000 | 154,100 | 147,411 | 6,689 |
| Public works | 1,320,400 | 1,563,900 | 1,227,766 | 336,134 |
| Capital outlay | 35,000 | 35,800 | 35,756 | 44 |
| Total Charges to Appropriations | 4,064,000 | 4,298,100 | 3,728,689 | 569,411 |
| Budgetary fund balance, end of year | <u>\$ 5,423,108</u> | <u>\$ 7,392,108</u> | <u>\$ 7,613,501</u> | <u>\$ 221,393</u> |

**Fiscal Year 2022-2023
Audited Financial Statement**

**WILDOMAR MEASURE AA FUND
CITY OF WILDOMAR, CALIFORNIA**

FUND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE, 30 2023

Prepared By:

**The City of Wildomar
Finance Department**

City of Wildomar
Wildomar Measure AA Fund
Fund Financial Statements

For the year ended June 30, 2023

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Independent Auditor's Report

To the Honorable Mayor and Members
of the City Council
City of Wildomar, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Measure AA Fund (the Fund), a special revenue fund of the City of Wildomar, California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Fund as of June 30, 2023, 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.

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 the Fund 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only the Measure AA Special Revenue Fund, do not purport to, and do not present the financial position of the City of Wildomar, California, as of June 30, 2023, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the fund financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the fund 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 fund financial statements, and other knowledge we obtained during our audit of the fund 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the fund financial statements. Such missing information, although not a part of the fund financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the fund financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 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
March 13, 2024

FUND FINANCIAL STATEMENTS

City of Wildomar
Wildomar Measure AA Fund

Balance Sheet
Governmental Fund
June 30, 2023

ASSETS

| | |
|----------------------------|---------------------|
| Cash and investments | \$ 7,154,302 |
| Due from other governments | <u>1,009,188</u> |
| Total assets | <u>\$ 8,163,490</u> |

LIABILITIES

| | |
|-------------------|-------------------|
| Accounts payable | <u>\$ 549,989</u> |
| Total liabilities | <u>549,989</u> |

FUND BALANCE

| | |
|--|---------------------|
| Committed for: | |
| Public safety, street maintenance and homelessness solutions | <u>7,613,501</u> |
| Total fund balance | <u>7,613,501</u> |
| Total liabilities and fund balance | <u>\$ 8,163,490</u> |

The accompanying notes are an integral part of this statement.

City of Wildomar
Wildomar Measure AA Fund

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund
For the year ended June 30, 2023

REVENUES

| | |
|---------------------|------------------|
| Taxes | \$ 5,366,468 |
| Investment earnings | 54,914 |
| Settlement proceeds | <u>25,000</u> |
| Total revenues | <u>5,446,382</u> |

EXPENDITURES

Current:

| | |
|------------------------|------------------|
| General government | 7,942 |
| Public safety | 2,191,953 |
| Community development | 117,861 |
| Culture and recreation | 147,411 |
| Public works | 1,227,766 |
| Capital outlay | <u>35,756</u> |
| Total expenditures | <u>3,728,689</u> |

Excess of revenues over expenditures 1,717,693

FUND BALANCE

| | |
|-------------------|---------------------|
| Beginning of year | <u>5,895,808</u> |
| End of year | <u>\$ 7,613,501</u> |

The accompanying notes are an integral part of this statement.

City of Wildomar
Wildomar Measure AA Fund

Notes to the Financial Statements
For the year ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The Wildomar Measure AA Fund (the Fund) was established on November 6, 2018 (Ordinance No. 161), pursuant to voter-approved local transactions (sales) and use tax that are intended to be used for the enhancement of police and fire services, road maintenance and homelessness solutions within the City of Wildomar (the City).

The Measure AA Fund is included as a special revenue fund of the City and, accordingly, the accompanying fund financial statements are included as a special revenue fund of the fund financial statements prepared by the City. The accompanying financial statements are intended to reflect the financial position and operations for the Measure AA Fund, under the *current financial resources* measurement focus and the modified accrual basis of accounting, only and do not purport to, and do not, present the financial position of the City of Wildomar, California. Separate financial statements are prepared for the City of Wildomar, and may be obtained from the City.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the Fund's policy to use restricted resources first, and then unrestricted resources as they are needed.

C. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity

Cash and Investments

The Fund currently pools its cash and investments with the City of Wildomar and follows the City's investment policies. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and investments are shown as both restricted and unrestricted cash and investments in the governmental funds.

Investments are reported at fair value. The City's policy is to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

City of Wildomar
Wildomar Measure AA Fund

Notes to the Financial Statements
For the year ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Fund does not report any deferred outflows of resources.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Currently, the Fund does not report any deferred inflows of resources.

Fund Balance

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either, (a) external creditors, grantors, contributions, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, the City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution or ordinance.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager is authorized to assign amounts to a specific purpose, which was established by the governing body in Resolution No. 2011-32 approved on June 21, 2011.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

City of Wildomar
Wildomar Measure AA Fund

Notes to the Financial Statements
For the year ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred outflows/inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reported period. Actual results could differ from those estimates.

Functional Classifications

Expenditures of the governmental funds are classified by function. Functional classifications are defined as follows:

- **General Government** includes legislative activities, City Clerk, City Attorney, City Manager as well as management or supportive services across more than one functional area.
- **Public Safety** includes those activities which involve police protection, fire protection and animal control services.
- **Community Development** includes those activities which involve planning, building and safety and code enforcement.
- **Culture and Recreation** which includes activities which provide recreation, cultural and educational services
- **Public Works** includes all maintenance, engineering and capital improvements which relate to streets and other public facilities.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the fund. Encumbrances represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities.

City of Wildomar
Wildomar Measure AA Fund

Notes to the Financial Statements
For the year ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity (continued)

Budget Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2) CASH AND INVESTMENTS

The Measure AA Fund's cash is pooled with the City of Wildomar's cash and investments in order to generate optimum interest earnings. The information required by accounting standards related to authorized investments, credit risk, etc. is available in the annual comprehensive financial report of the City. Currently, the Fund has \$7,154,302 in pooled cash and investments.

3) FAIR VALUE MEASUREMENTS

Accounting standards currently provide the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 given the highest priority and Level 3 the lowest priority. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. *Level 2* inputs include the following:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in markets that are not active.
- Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 inputs are unobservable inputs for the asset or liability.

City of Wildomar
Wildomar Measure AA Fund

Notes to the Financial Statements
For the year ended June 30, 2023

3) FAIR VALUE MEASUREMENTS (continued)

As explained in Note 2, the Measure AA Fund has its investments pooled with the City. The cash and investments reflected is a portion of the City's overall cash and investments. Refer to the City's financial statements for additional information relating to categorization of investment types.

4) COMMITMENTS AND CONTINGENCIES

As of June 30, 2023, in the opinion of the City's Administration, there are no outstanding matters which would have a significant effect on the financial condition of the Measure AA Fund.

REQUIRED SUPPLEMENTARY INFORMATION

City of Wildomar
Wildomar Measure AA Fund

Notes to Required Supplementary Information
For the year ended June 30, 2023

Budgetary Comparison Information

General Budget Policies

The City Council approves each year's budget prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period, are also approved by the Council. In most cases, expenditures may not exceed appropriations at the function level. At fiscal year-end, all operating budget appropriations lapse. There were no functions which had expenditures exceeding budgeted appropriations. A separate budget document may be obtained from the City.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the Fund. Encumbrances represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities.

Budget Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Wildomar
Wildomar Measure AA Fund

Budgetary Comparison Schedule
For the year ended June 30, 2023

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Budgetary fund balance, beginning of year | \$ 5,895,808 | \$ 5,895,808 | \$ 5,895,808 | \$ - |
| Resources (inflows): | | | | |
| Taxes | 3,589,500 | 5,667,600 | 5,366,468 | (301,132) |
| Investment earnings | 1,800 | 101,800 | 54,914 | (46,886) |
| Settlement proceeds | - | 25,000 | 25,000 | - |
| Amounts available for appropriations | 9,487,108 | 11,690,208 | 11,342,190 | (348,018) |
| Charges to appropriations (outflow): | | | | |
| Current: | | | | |
| General government | 3,600 | 12,800 | 7,942 | 4,858 |
| Public safety | 2,477,300 | 2,374,800 | 2,191,953 | 182,847 |
| Community development | 70,700 | 156,700 | 117,861 | 38,839 |
| Culture and recreation | 157,000 | 154,100 | 147,411 | 6,689 |
| Public works | 1,320,400 | 1,563,900 | 1,227,766 | 336,134 |
| Capital outlay | 35,000 | 35,800 | 35,756 | 44 |
| Total Charges to Appropriations | 4,064,000 | 4,298,100 | 3,728,689 | 569,411 |
| Budgetary fund balance, end of year | <u>\$ 5,423,108</u> | <u>\$ 7,392,108</u> | <u>\$ 7,613,501</u> | <u>\$ 221,393</u> |



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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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**

PARTNERS

Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradford A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)
Terry P. Shea, CPA (Partner Emeritus)

Independent Auditor's Report

To the Honorable Mayor and Members
of the City Council
City of Wildomar, California

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA
Monica Wysocki, CPA

We have audited, 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, the financial statements of the Measure AA Fund (the Fund), a special revenue fund of the City of Wildomar, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fund's financial statements, and have issued our report thereon dated March 13, 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 entity's 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.

MEMBERS

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Governmental Audit
Quality Center

California Society of
Certified Public Accountants



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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 or significant deficiencies may exist that were not 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 financial statements. 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

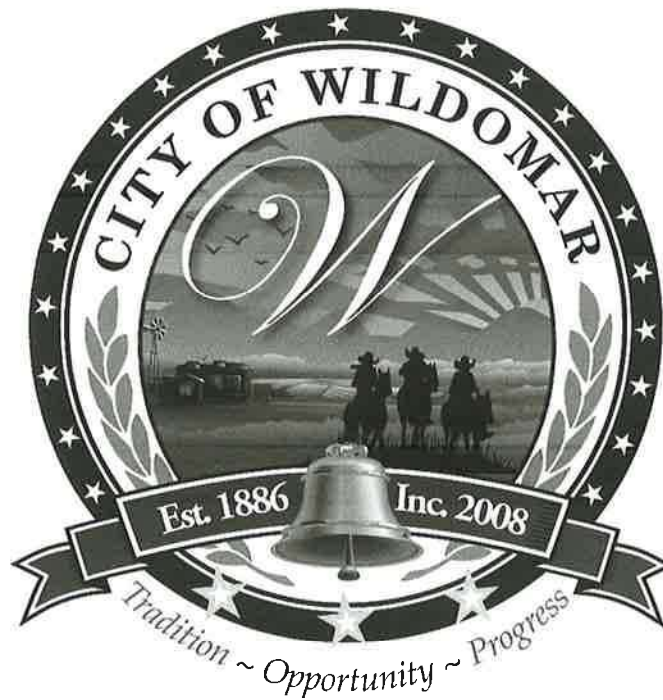
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance 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
March 13, 2024

**Fiscal Year 2022-2023
Committee Member Assessments**

City of Wildomar
Measure AA Oversight Advisory Committee



Annual Committee Member Questionnaire
For FY2022/2023



Committee Member, Measure AA Committee

November 27th, 2023

Dear Measure AA Committee Member,

With the passage of Measure AA in November 2018 a citizens' oversight committee has been established to independently review and advise upon the City's expenditure of proceeds generated by the transactions and use tax. The committee meets at least twice each calendar year and more frequently if necessary, to discharge the responsibilities of the committee. All meetings of the committee shall be held in accordance with the provisions of the Ralph M. Brown Act (Cal. Gov. Code Section 54950 et seq.).

The committee shall consist of five members, who are residents of the City of Wildomar. The citizens' oversight committee shall annually review and report on: (1) the City's proposed and actual expenditure of proceeds generated by the transaction and use tax; and (2) the independent annual audit required under this chapter. The committee's report shall be submitted to the City Council for review and discussion at a public meeting of the City Council.

The questionnaire included in this packet covers the 2022-2023 fiscal year. We respectfully request that you complete all the questions with as much detail as you believe is needed. The questionnaires from each member will be included in the final report that will be submitted to the City Council for their review and acceptance.

The deadline for the completion of the questionnaire is **Friday, December 22nd**, as the questionnaires are to be included along with the draft annual report. It is anticipated that, if the approval of the draft report by the Committee occurs at the February meeting, the final report would be presented to the City Council at their March meeting.

We appreciate your involvement in this very important process. Please let us know if you have any questions or concerns about the questionnaire.

Cordially,



Adam Jantz
Finance Manager

Keshwan Khudri

Committee Member, Measure AA Committee

Members - Please complete the following questionnaire:

Have you received all the information regarding Measure AA that you have requested or needed to make informed decisions?

yes

Has staff explained to your satisfaction the information provided in the meetings?

yes

Has staff explained to your satisfaction the information provided in your requests?

yes

How can staff enhance the information provided to the committee?

N/A

Rocklee Knudt

Committee Member, Measure AA Committee

In your opinion has the City spent the Measure AA funds as approved by the City Council?

yes

Are there any other items, related to Measure AA, that you would like to bring to the City's attention?

no

Rocklee Knudt

Measure AA Committee Member

City of Wildomar

Measure AA Oversight Advisory Committee



Annual Committee Member Questionnaire

For FY2022/2023

November 27th, 2023

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Cordially,



Adam Jantz
Finance Manager

Members - Please complete the following questionnaire:

Have you received all the information regarding Measure AA that you have requested or needed to make informed decisions?

Yes

Has staff explained to your satisfaction the information provided in the meetings?

Yes

Has staff explained to your satisfaction the information provided in your requests?

Yes

How can staff enhance the information provided to the committee?

Yes

In your opinion has the City spent the Measure AA funds as approved by the City Council?

Yes

Are there any other items, related to Measure AA, that you would like to bring to the City's attention?

No

City of Wildomar

Measure AA Oversight Advisory Committee



Annual Committee Member Questionnaire

For FY2022/2023

November 27th, 2023

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Cordially,



Adam Jantz
Finance Manager

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Yes

Has staff explained to your satisfaction the information provided in the meetings?

Yes

Has staff explained to your satisfaction the information provided in your requests?

Yes

How can staff enhance the information provided to the committee?

Yes

In your opinion has the City spent the Measure AA funds as approved by the City Council?

Yes

Are there any other items, related to Measure AA, that you would like to bring to the City's attention?

No

Carlos Hernandez

Measure AA Committee Member

City of Wildomar

Measure AA Oversight Advisory Committee



Annual Committee Member Questionnaire

For FY2022/2023

November 27th, 2023

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Finance Manager

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No