

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, 2018. The City's management is responsible for compliance with the grant 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: No exceptions were noted as a result of applying this procedure. The City participates in the TUMF program administered by WRCOG and the MSHCP administered by RCA.

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

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

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: Measure A cash and investments were \$0 at June 30, 2018. The difference between Measure A cash and investments of \$0 and fund deficit of (\$15,086) was (\$15,086) or 100% of the fund balance as of June 30, 2018. Per discussion with City management, the difference is primarily related to a due from other governments balance related to April - June 2018 funds to be received from RCTC in fiscal year 2018-19 offset by Vouchers Payable and Due to Other Funds.

- b. Identify any amounts due from other funds.

Finding: There were no amounts due from other funds at June 30, 2018.

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

Finding: The ending fund balance (deficit) for Measure A activity was unassigned in the amount of (\$15,086) at June 30, 2018.

- d. 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: We noted a restatement to the Measure A fund balance reported as of June 30, 2017, in the amount of \$189,313. The restatement is due to costs that were improperly recorded as grant related expenditures in another fund. The City determined that these costs were related to the City's local match for the Measure A grant and were transferred to the Measure A fund through a prior period adjustment.

- 4. Obtain an operating statement for the Measure A activity for the fiscal year, including budget amounts; 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: The City accounts for Measure A revenues in its Measure A Fund (Fund #201). The City recorded total revenues in the amount of \$616,835 for the fiscal year ended June 30, 2018.

- 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 did not identify any variance between the Measure A revenues recorded by the City and the RCTC Measure A payment schedule. Measure A revenue recorded by the City in the amount of \$616,835 was equal to the RCTC listing of Measure A payments to the City for the fiscal year ended June 30, 2018.

- 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: The City did not allocate interest to the Measure A fund for the fiscal year ended June 30, 2018.

- 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: The City accounts for Measure A expenditures in its Measure A Fund (Fund #201). The City recorded total Measure A expenditures in the amount of \$718,394 for the fiscal year ended June 30, 2018.

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

Finding: The City recorded Measure A expenditures in the amount of \$718,394. We selected \$208,792 or 29.2%, for testing.

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 Five-Year CIP and note if the project is included in the Five-Year CIP and is an allowable cost.

Finding: The expenditures selected for testing were included in the Five-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 Five-Year CIP.

Finding: We noted transfers out from the Measure A fund in the amount of \$50,776. This transfer represents Public Works Cost Allocation that is included on the Five-Year CIP.

- 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 Five-Year CIP.

Finding: Per discussion with City management, general or non-project-related indirect costs of \$50,776 were included in Measure A expenditures, which is 8.2% of Measure A revenue of \$616,835 for the fiscal year ended June 30, 2018. Per discussion with management, indirect costs are allocated across all city funds based on the percentage of the fund's direct costs compared to the City-wide total direct costs. Indirect cost was included in the City's Five-Year CIP within Transfer Out. No exceptions were noted as a result of applying this procedure.

- 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: There was no advance funding agreement with RCTC noted.

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

Finding: There were no debt service expenditures recorded in the Measure A Fund that were noted as a result of applying this procedure. Compare the budgeted expenditures to actual amounts; inquire of management as to the nature of significant budget variances.

Finding: The following schedule compares budgeted expenditures to total amounts.

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Personnel costs	\$ 45,700	\$ 45,842	\$ (142)
Construction and maintenance	555,700	621,776	(66,076)
Transfers Out-Cost Allocation	20,000	50,776	(30,776)
Total expenditures	<u>\$ 621,400</u>	<u>\$ 718,394</u>	<u>\$ (96,994)</u>

Per discussion with City management, the variance in construction and maintenance is due to increased costs for Citywide Maintenance projects for the fiscal year ended June 30, 2018. The variance in transfers out is due to the actual cost allocation being approximately 8% of Measure A revenue for the fiscal year ended June 30, 2018.

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: We selected one disbursement in the amount of \$129,980. The payment selected for testing indicated that TUMF is collected and remitted to WRCOG, as required.

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

Finding: The total amount of TUMF fees collected and remitted during fiscal year ended June 30, 2018, were \$1,552,062 and \$1,394,562 respectively. The difference of \$157,500 is due to the overpayment in the amount of \$22,500 from Wildomar Square received in May 2018 to be refunded in fiscal year 2019 and TUMF Refund overpayment in the amount of \$135,000 paid in October 2017 which was refunded to the developer in August 2018.

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 selected one disbursement in the amount of \$41,456. The payment selected for testing indicated that MSHCP is collected and remitted to RCA, as required.

- 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 discussion with City management, there were no fees collected in prior years and not remitted to RCA as of the end of the fiscal year.

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

Finding: The total amount of MSHCP fees collected and remitted during the fiscal year ended June 30, 2018, was \$265,940.

- 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.

- 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 grant terms and conditions of the Measure A Local Streets and Roads Program. 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 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

Newport Beach, California

March 20, 2019

Exhibit A

CITY OF WILDOMAR, CALIFORNIA
Measure A Operating Statement
For the Fiscal Year Ended June 30, 2018
(Unaudited)

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Measure A	\$ 604,000	\$ 616,835	\$ 12,835
Interest Income	-	-	-
Miscellaneous Income	2,500	-	(2,500)
Total revenues	<u>606,500</u>	<u>616,835</u>	<u>10,335</u>
Expenditures:			
Personnel Costs	45,700	45,842	(142)
Construction and Maintenance	555,700	621,776	(66,076)
Transfers Out	20,000	50,776	(30,776)
Total expenditures	<u>621,400</u>	<u>718,394</u>	<u>(96,994)</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>\$ (14,900)</u>	<u>\$ (101,559)</u>	<u>\$ (86,659)</u>