



# TOWN OF APPLE VALLEY

## TOWN COUNCIL STAFF REPORT

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**To:** Honorable Mayor and Town Council **Date:** December 11, 2012

**From:** Orlando Acevedo **Item No:** 9  
Economic Development Manager

**Subject:** ANNUAL AGREED-UPON PROCEDURES REPORT OF THE APPLE VALLEY VILLAGE PROPERTY AND BUSINESS IMPROVEMENT DISTRICT (“PBID”) ASSOCIATION

**T.M. Approval:** \_\_\_\_\_ **Budgeted Item:**  Yes  No  N/A

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### RECOMMENDED ACTION:

That the Town Council receive and file the Fiscal Year 2011-12 Annual Agreed-Upon Procedures Report (“Report”) of the Apple Valley Village Property and Business Improvement District Association.

### SUMMARY:

The Apple Valley Village Property and Business Improvement District (“PBID”) Association (“Association”) entered into an Agreement for Services (“Agreement”) with the Town in December of 2008, in order to receive assessment revenues and implement activities in accordance with the Association’s Management District Plan (“District Plan”). The Agreement requires the Town remit to the Association the PBID assessment revenues (collected by the County of San Bernardino and distributed to the Town) on an as-needed basis and upon Town Council approval of the Association’s Annual Budget Report. (Components of the budget that are directly administered by the Town are paid directly by the Town; components that are directly administered by the Association are paid directly by the Association.)

The Council approved the Association’s FY2012-13 Annual Budget Report on June 12, 2012. The Association remains accountable for all funds it directly administers and is required to submit expense reports and financial statements to the Town annually. Accordingly, an Agreed-Upon Procedures Report (Exhibit 1) covering FY2011-12 was completed by Starbuck Walsh, an independent Certified Public Accountant, on October 19, 2012, and approved by the Association Board on November 21, 2012. The report applies four (4) agreed upon procedures with accompanying findings.

### FISCAL IMPACT:

Professional accounting services necessary to complete the Agreed-Upon Procedures Report were solely funded using budgeted PBID funds.

**EXHIBIT 1**

**FY 2011-12 Annual Agreed-Upon Procedures Report**  
*of the*  
**Apple Valley Village Property and Business Improvement District Association**

**Independent Accountants' Report  
On Applying Agreed-upon Procedures**

To the Board of Directors  
Apple Valley Village Property and Business Improvement District Association

We have performed the procedures enumerated below, which were agreed to by the Apple Valley Village Property and Business Improvement District Association (the Association) and the Town of Apple Valley as of June 30, 2012 and for the year then ended. The Apple Valley Village Property and Business Improvement District Association is responsible for the Association's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this procedure has been requested or for any other purpose.

Procedure

1. Vouch expenditures to supporting documentation.
2. Classify expenditures by category.
3. Compare expenditures to *Management District Plan*.
4. Reconcile cash at June 30, 2011 to cash at June 30, 2012.

We were not engaged to, and did not, conduct an audit, the objective of which would have been an expression of an opinion, on the accounting records. Accordingly, we do express such an opinion. Had we performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the Apple Valley Village Property and Business Improvement District Association and the Town of Apple Valley and is not intended to be and should not be used by anyone other than those specified parties.

*Starbuck Walsh, LLP*

Starbuck Walsh, LLP

October 19, 2012

**Procedure 1: Vouch expenditures to supporting documentation.**

Summary of Procedure Performance

Disbursements are made directly from the Association via the checking account in Treasurer Donna Gilmore's custody. We obtained check stubs for disbursements made from July 1, 2011 through June 30, 2012, and scheduled the disbursements by check number, date paid, payee and amount. We then vouched the disbursements to supporting documentation.

Findings

One hundred and one disbursements totaling \$85,389 were made by checks and automatic withdrawal from the Association's checking account between July 1, 2011 and June 30, 2012. We were able to locate supporting documentation for all of the disbursements, and that documentation supported the nature, timing, and amount of the disbursements.

- 2 -

*See agreed-upon procedures report.*

**Procedure 2: Classify expenditures by category.**

Summary of Procedure Performance

We classified the expenditures described in Procedure 1 into categories based on the nature of the expenditure.

Findings

General and Administrative Expenditures	
Accounting and audit fees	\$ 900
Cell phone	628
Consulting services	17,621
Contract services - secretarial	12,000
Fees and permits	300
Insurance	1,722
Legal fees	3,208
Marketing	26,414
Meeting refreshments	240
Office supplies	701
Postage	752
Printing	4,130
Website	35
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Total General and Administrative	68,651
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Improvements	
Aesthetics Rehabilitation Grant Program	3,040
Median improvement - engineering	12,724
Median improvement - utilities	973
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Total Improvements	16,737
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Total Expenditures	<u><u>\$ 85,389</u></u>

**Procedure 3: Compare expenditures to *Management District Plan*.**

Summary of Procedure Performance

We compared disbursements to disbursements allowable per the *Management District Plan*.

Findings

All disbursements were deemed allowable.

- 3 -

*See agreed-upon procedures report.*

**Procedure 4: Reconcile cash at June 30, 2011 to cash at June 30, 2012.**

Summary of Procedure Performance

We reconciled beginning cash in the custody of the Association to ending cash.

Findings

	American Security Bank	ING Direct	Total
Balance - July 1, 2011	\$ 22,166	\$ 46,225	\$ 68,391
Cash Receipts			
Town of Apple Valley	182,700		182,700
Interest	-	713	713
Refund - Verizon	412		412
Kiosk sign advertising	375		375
Transfers	(100,000)	100,000	-
Cash Disbursements	<u>(85,389)</u>	<u>-</u>	<u>(85,389)</u>
Balance - June 30, 2012	<u>\$ 20,264</u>	<u>\$ 146,938</u>	<u>\$ 167,202</u>

Cash reported by the Association as of June 30, 2012 reconciled to the bank statements provided.

*See agreed-upon procedures report.*