



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 Moreno Valley, 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 investment were \$3,516,276 at June 30, 2020. The difference between Measure A cash and investment of \$3,516,276 and fund balance of \$4,317,691 was \$801,415 or 19% of the fund balance; thus no explanation from City management is required.

- b. Identify any amounts due from other funds.

Finding: Per review of the City's detailed trial balance, there were no amounts due from other funds as of June 30, 2020.

- 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 balance for the City's Measure A activity was restricted in the amount of \$4,317,691 at June 30, 2020.

- 1. 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.

- 2. Compare ending fund balance to total revenues for the current year and prior two years. If ending fund balance is greater than 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 \$4,317,691 was less than the sum of total revenues for the 3 year period of \$13,901,438; thus no explanation from City management is 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 #2001). The City recorded total revenues in the amount of \$4,416,476 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 \$4,245,773 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 the 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 \$27,276 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 management and noted that the City accounts for Measure A expenditures in its Measure A Special Revenue Fund (Fund #2001). The City recorded total Measure A expenditures in the amount of \$3,668,006 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 two transactions for \$1,075,402, which represented 29% 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: We compared the dollar amounts listed in the City's trial balance (general ledger) to the invoice package without exception.

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 description in the general ledger and invoice package was consistent with approved project expenditures in the 5-Year CIP and appears to be allowable.

- 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 management and review of the detailed trial balance, the City recorded the following transfers into the Measure A special revenue fund:

- \$5,287 for unused matching funds from the capital projects grants fund; and
- \$118,771 from the Electric Fund and \$19,015 from the Electric Public Purpose fund for the LED street light conversion project.

The City recorded the following transfers out of the Measure A special revenue fund, which were included in the City's 5-Year CIP:

- \$1,060,756 to the Development Impact Fees (DIF) Arterial Street Fund for debt service expenditures for the 2013-2014 Refunding Lease Revenue Bonds; and
- \$488,566 to the Total Road Improvement Program (TRIP) debt service fund for the certificates of participation debt service expenditures.

- 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 inquiries with management and review of the City's detailed trial balance, we noted that the City allocated administrative service charges, including leave buyouts, of \$254,839 to the Measure A special revenue fund, which was 6% of the fiscal year 2020 Measure A revenues of \$4,245,773. Cost Allocation Plan (Overhead) costs were included in the expenditure line items of Capital Projects, Transportation, Maintenance and Operations and Non-Departmental (leave buyouts) (refer to Exhibit A). Cost Allocation Plan (Overhead) costs were included in the City's 5-Year CIP.

- 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 did 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 5-Year CIP.

Finding: Per inquiries of management and review of the City's detailed trial balance, the City's had debt service expenditures totaling \$1,549,322 for the 2013-2014 Refunding Lease Revenue Bonds and TRIP debt service fund, which were included in the 5-Year CIP.

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 and prior year financial statements, the City had debt service expenditures of \$1,549,322 for fiscal year 2020 and \$1,487,905 in fiscal year 2019, an increase of \$61,417 or 4%; thus no explanation from City management was required.

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 obtained the City's trial balance for the TUMF program and haphazardly selected one disbursement paid to WRCOG in the amount of \$545,873. We agreed the amount to the invoice to validate that the amount was remitted to WRCOG without exception.

- 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 and remitted was \$1,378,852 for the year ended June 30, 2020.

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 \$288,870. 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 was \$962,161 and the amount of fees remitted was \$882,093 for the year ended June 30, 2020. The variance between collected and remitted was due to a timing difference of fees of \$80,068 collected in June 2020 and remitted in July 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: We obtained the MOE base year requirement and allowable carryover as of June 30, 2019, from RCTC (included in the 2020 Audit Notification Letter). We obtained the City's calculation of its current year MOE amount and attached the calculation worksheet as Exhibit B.

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

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

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

Finding: Per review of the General Fund general ledger, no transfers in to fund any MOE amounts were identified for fiscal year 2020.

- 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: We noted that current year MOE expenditures of \$2,663,421 were greater than the MOE base requirement of \$1,459,153 resulting in an excess MOE of \$1,204,268 for the fiscal year ended June 30, 2020.

- 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: Per review of the City's fiscal year 2020 Construction and Maintenance Expenditure summary worksheet, the City's discretionary funds spent in the fiscal year ended June 30, 2020, exceeded the MOE base year requirement. The total MOE excess balance at June 30, 2020, was \$8,519,111. No exceptions were noted as a result of applying this procedure. The City's MOE carryover at June 30, 2020, is calculated as follows:

MOE excess at July 1, 2019	\$ 7,314,843
Current year MOE expenditures	2,663,421
Less: MOE base year requirement	<u>(1,459,153)</u>
MOE excess for the fiscal year ended June 30, 2020	<u>1,204,268</u>
MOE excess at June 30, 2020	<u><u>\$ 8,519,111</u></u>

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 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 5, 2021

CITY OF MORENO VALLEY, 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	\$ 3,918,000	\$ 4,245,773	\$ 327,773
Investment interest income	80,000	27,276	(52,724)
Miscellaneous Income	10,000	354	(9,646)
Transfers In - from Capital Projects Grants Fund	5,287	5,287	-
Transfers In - from Electric Fund	118,771	118,771	-
Transfers In - from Electric - Public Purpose Fund	19,015	19,015	-
Total revenues	<u>4,151,073</u>	<u>4,416,476</u>	<u>265,403</u>
Expenditures:			
Capital Projects	821,340	341,770	479,570
Transportation	1,633,368	1,151,740	481,628
Maintenance and Operations	657,088	613,734	43,354
Non-Departmental (transfers out)	1,550,756	1,549,322	1,434
Non-Departmental (leave buyouts)	-	11,440	(11,440)
Total expenditures	<u>4,662,552</u>	<u>3,668,006</u>	<u>994,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (511,479)</u>	<u>\$ 748,470</u>	<u>\$ 1,259,949</u>

CITY OF MORENO VALLEY, CALIFORNIA
MOE Calculation
For the Fiscal Year Ended June 30, 2020
(Unaudited)

Exhibit B

Actual Amount				Fiscal Year	
Account Type	Level 1	Level 2	Level 4	Fiscal Calendar 2020	Fiscal Calendar 2020
Expenses	1010 GENERAL FUND	70 Public Works	45110 Transportation Eng - General	\$ 1,415,991	45110 Transportation Eng - General \$ 1,246,072
Expenses	1010 GENERAL FUND	70 Public Works	45111 Traffic Signal Maintenance	608,957	45111 Traffic Signal Maintenance 608,957
Expenses	1010 GENERAL FUND	70 Public Works	45311 Public Works - Street Maint	104,188	45311 Public Works - Street Maint 104,188
Expenses	1010 GENERAL FUND	70 Public Works	80001 CIP - Street Improvements	-	80001 CIP - Street Improvements -
Expenses	1010 GENERAL FUND	70 Public Works	80008 CIP - Traffic Signals	-	80008 CIP - Traffic Signals -
Expenses	1010 GENERAL FUND	70 Public Works Total		2,129,136	1,959,217
Expenses	1010 GENERAL FUND Total			2,129,136	1,959,217
Expenses Total				2,129,136	1,959,217
Grand Total				\$ 2,129,136	1,959,217

Only 88% eligible

Process Status	Posted	posted
Account Classification	All	
	only GF	

Actual Amount					Fiscal Year		Fiscal Year	
Account Type	Level 1	Level 2	Level 3	Level 4	Account Code And Description	Fiscal Calendar 2020	Account Code And Description	Fiscal Calendar 2020
Expenses	1010 GENERAL FUND	99 Non-Department	99 Non-departmental	91010 Non-Dept General Fund	902000 - Transfers to GAS TAX FUND	\$ -	902000 - Transfers to GAS TAX FUND	\$ -
Expenses	1010 GENERAL FUND	99 Non-Department	99 Non-departmental	91010 Non-Dept General Fund	905012 - Transfers to LMD 2014-01	525,704	905012 - Transfers to LMD 2014-01	525,704
Expenses	1010 GENERAL FUND	99 Non-Department	99 Non-departmental	91010 Non-Dept General Fund	905110 - Transfers to ZONE "C" ART LGHT FUND	-	905110 - Transfers to ZONE "C" ART LGHT FUND	-
Expenses	1010 GENERAL FUND	99 Non-Department	99 Non-departmental	91010 Non-Dept General Fund	905112 - Transfers to ZONE "M" MEDIAN FUND	178,500	905112 - Transfers to ZONE "M" MEDIAN FUND	178,500
Expenses	1010 GENERAL FUND	99 Non-Department	99 Non-departmental	91010 Non-Dept General Fund Total		704,204		704,204
Expenses	1010 GENERAL FUND	99 Non-Department	99 Non-departmental Total			704,204		704,204
Expenses	1010 GENERAL FUND	99 Non-Department Total				704,204		704,204
Expenses	1010 GENERAL FUND Total					704,204		704,204
Expenses Total						704,204		704,204
Grand Total						\$ 704,204		704,204
							Total MOE	\$ 2,663,421
							MOE Base Year	1,459,153
							Excess (Deficiency)	\$ 1,204,268