



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, 2019. 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 Five-Year Capital Improvement Plan (CIP) for the fiscal year.

Finding: We obtained the City's 5-Year CIP for fiscal year 2019 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 2019. The Measure A cash and investments were \$3,255,498 at June 30, 2019. The difference between Measure A cash and investments of \$3,255,498 and fund balance of \$3,569,220 was \$313,722 or 9% 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, 2019.

- 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 \$3,569,220 at June 30, 2019.

- 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: Per review of the City's trial balance, we noted no restatements of the Measure A beginning fund balance at July 1, 2018.

- 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: We obtained the City's detailed trial balance for fiscal year 2019. 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 \$4,803,511 for the fiscal year ended June 30, 2019 (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 identified a variance of \$308,919 between the amount reported per RCTC and the amount reported by the City. Per inquiry with management, the difference is due to a RCTC disbursement received in fiscal year 2019 but which belonged to fiscal year 2018. The following schedule summarizes this difference:

	RCTC	City of Moreno Valley
Measure A revenues recorded	\$ 4,411,279	\$ 4,720,198
June 2018 Measure A Disbursement	-	(308,919)
Measure A revenues recorded	<u>\$ 4,411,279</u>	<u>\$ 4,411,279</u>

- 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 2019 and noted that interest revenue of \$58,951 was allocated to the Measure A special revenue fund for the fiscal year ended June 30, 2019.

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 revenues in its Measure A Special Revenue Fund (Fund #2001). The City recorded total Measure A expenditures in the amount of \$5,208,651 for the fiscal year ended June 30, 2019 (refer to Exhibit A).

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

Finding: We haphazardly selected ten transactions for \$1,115,971, which represents 21% of the total Measure A expenditure balance for the fiscal year ended June 30, 2019.

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

Finding: Per inquiries with management and review of the detailed trial balance, the City recorded the following transfers out of the Measure A special revenue fund:

- \$1,055,000 to the DIF arterial street fund for arterial street expenditures.
- \$1,487,905 to the TRIP debt service fund for the certificates of participation debt services 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 Five-Year CIP.

Finding: Per our inquires with management and review of the City's detailed trial balance, we noted that the City allocated administrative service charges, including leave buyouts, of \$332,631 to the Measure A special revenue fund, which is 7% of the fiscal year 2019 Measure A revenues of \$4,720,198. Cost Allocation Plan (Overhead) costs were included in the City's Five –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 our inquiries of City management, the City does not have an advanced funding agreement with RCTC for fiscal year 2019.

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

Finding: Per our inquiries of management and review of the City’s Expenditure Report, TRIP debt service expenditures in the amount of \$1,487,905 were included in the Five-Year CIP plan.

5. Compare the budgeted expenditures to actual amounts; inquire of management as to the nature of significant budget variances.

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital projects	\$ 2,176,142	\$ 1,232,361	\$ 943,781
Transportation	1,487,306	598,196	889,110
Maintenance and operations	510,218	502,558	7,660
Indirect Costs	243,399	243,399	-
Non-Departmental (transfers out)	2,546,000	2,542,905	3,095
Non-Departmental (leave buyouts)	-	89,232	(89,232)
Total expenditures	<u>\$ 6,963,065</u>	<u>\$ 5,208,651</u>	<u>\$ 1,754,414</u>

Finding: Per our inquiries with City management, the variances in budgeted expenditures and actual expenditures are primarily due to the timing of various CIP projects.

6. 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 \$345,642. 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 \$7,881,236 for the year ended June 30, 2019.

7. 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 \$555,713. 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, 2019.

- 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 \$1,302,983 for the year ended June 30, 2019.

8. 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, 2018 from RCTC (included in the 2019 Audit Notification Letter).

- 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 2019.

- 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 \$2,272,674 were greater than the MOE base requirement of \$1,459,153 resulting in an excess MOE of \$813,521 for the fiscal year ended June 30, 2019.

- 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 2019 Construction and Maintenance Expenditure summary worksheet, the City's discretionary funds spent in the fiscal year ended June 30, 2019 exceeded the MOE base year requirement. The total MOE excess balance at June 30, 2019 was \$7,314,843. No exceptions were noted as a result of applying this procedure. The City's MOE carryover at June 30, 2019 is calculated as follows:

MOE excess at July 1, 2018	<u>\$ 6,501,322</u>
Current year MOE expenditures	2,272,674
Less: MOE base year requirement	<u>(1,459,153)</u>
MOE excess for the fiscal year ended June 30, 2019	<u>813,521</u>
MOE excess at June 30, 2019	<u><u>\$ 7,314,843</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

Newport Beach, California
February 27, 2020

CITY OF MORENO VALLEY, CALIFORNIA
Measure A Operating Statement
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Exhibit A

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Measure A	\$ 4,240,000	\$ 4,720,198	\$ 480,198
Investment interest income	80,000	58,951	(21,049)
Miscellaneous income	30,000	-	(30,000)
Revenues from other Governments	-	(19,120)	(19,120)
Reimbursement Agreement	46,505	43,482	(3,023)
Total revenue	4,396,505	4,803,511	407,006
Expenditures:			
Capital Projects	2,176,142	1,232,361	943,781
Transportation	1,487,306	598,196	889,110
Maintenance and Operations	510,218	502,558	7,660
Indirect Costs	243,399	243,399	-
Non-Departmental (transfers out)	2,546,000	2,542,905	3,095
Non-Departmental (leave buyouts)	-	89,232	(89,232)
Total expenditures	6,963,065	5,208,651	1,754,414
Excess (deficiency) of revenues over (under) expenditures	\$ (2,566,560)	\$ (405,140)	\$ 2,161,420

CITY OF MORENO VALLEY, CALIFORNIA
MOE Calculation
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Organization Set Level				All			
Actual Amount				only GF			
Account Type	Level 1	Level 2	Level 4	Fiscal Year Calendar 2019	Level 4	Fiscal Calendar 2019	
Expenses	1010 GENERAL FUND	70 Public Works	45110 Transportation Eng - General	1,410,962	45110 Transportation Eng - General	1,238,665	Only 88% eligible
Expenses	1010 GENERAL FUND	70 Public Works	45111 Traffic Signal Maintenance	510,430	45111 Traffic Signal Maintenance	510,430	
Expenses	1010 GENERAL FUND	70 Public Works	45220 Infrastructure Projects Eng	0	45220 Infrastructure Projects Eng	0	
Expenses	1010 GENERAL FUND	70 Public Works	80001 CIP - Street Improvements	3,000	80001 CIP - Street Improvements	3,000	
Expenses	1010 GENERAL FUND	70 Public Works	80008 CIP - Traffic Signals	13,308	80008 CIP - Traffic Signals	13,308	
Expenses	1010 GENERAL FUND	70 Public Works Total		1,937,700		1,765,403	
Expenses	1010 GENERAL FUND Total			1,937,700		1,765,403	
Expenses Total				1,937,700		1,765,403	
Grand Total				1,937,700		1,765,403	

Process Status	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	Calendar 2019	Account Code And Description	Fiscal Calendar 2018		
Expenses	1010 GENERAL FUND	99 Non-Department	99 Non-department	91010 Non-Dept Genera	902000 - Transfers to GAS TAX FU	300,000	902000 - Transfers to GAS TAX FU	140,000		
Expenses	1010 GENERAL FUND	99 Non-Department	99 Non-department	91010 Non-Dept Genera	905014 - Transfers to LMD 2014-02	188,771	905014 - Transfers to LMD 2014-02	188,771		
Expenses	1010 GENERAL FUND	99 Non-Department	99 Non-department	91010 Non-Dept Genera	905110 - Transfers to ZONE "C" AF	0	905110 - Transfers to ZONE "C" AF	0		
Expenses	1010 GENERAL FUND	99 Non-Department	99 Non-department	91010 Non-Dept Genera	905112 - Transfers to ZONE "M" M	178,500	905112 - Transfers to ZONE "M" M	178,500		
Expenses	1010 GENERAL FUND	99 Non-Department	99 Non-departments	91010 Non-Dept General Fund Total		667,271		507,271		
Expenses	1010 GENERAL FUND	99 Non-Department	99 Non-departmental Total			667,271		507,271		
Expenses	1010 GENERAL FUND	99 Non-Department Total				667,271		507,271		
Expenses	1010 GENERAL FUND Total					667,271		507,271		
Expenses Total						667,271		507,271		
Grand Total						667,271		507,271		
								507,271		
								Total Current Year MOE	2,272,674	