



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, 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: WRCOG, in a letter dated June 14, 2018 to RCTC, identified an issue with the City of Moreno Valley during a monthly TUMF Remittance Report and both RCTC and the City are currently working to resolve the matter with WRCOG. The Regional Conservation Authority (RCA) confirmed the participation of the City in the MSHCP program.

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 investment were \$3,214,348 at June 30, 2018. The difference between Measure A cash and investment of \$3,214,348 and fund balance of \$3,974,362 was \$760,014, or 19.1% of the fund balance.

- b. Identify any amounts due from other funds.

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

- 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 Measure A activity in the amount of \$3,974,362 was restricted 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: There were no restatements to the Measure A fund balance as of June 30, 2017.

- 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 #2001). The City recorded total revenues in the amount of \$4,681,451 for the fiscal year ended June 30, 2018 (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 identified a variance of \$164,511 between the Measure A revenues recorded by the City and the RCTC Measure A payment schedule. The difference is due to a fiscal year 2017 clean-up adjustment payment from RCTC, in the amount of \$144,408 that was recorded by the City in FY 2018, and the June 2018 disbursement from RCTC, in the amount of \$308,919, which was not recorded by the City until FY 2019. The following schedule summarizes these differences:

	RCTC	City of Moreno
Measure A revenues recorded	\$ 3,871,953	\$ 3,707,442
2017 Clean-up adjustment payment	-	(144,408)
June 2018 Measure A Disbursement	-	308,919
Measure A revenues recorded	<u>\$ 3,871,953</u>	<u>\$ 3,871,953</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: The City allocated interest in the amount of \$60,680 to Measure A activity 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 #2001). The City recorded total Measure A expenditures in the amount of \$5,842,429 for the fiscal year ended June 30, 2018 (refer to Exhibit A).

- 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 \$5,842,429. We selected \$1,295,329 or 22.2%, 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: Per discussion with City management, the City recorded transfers out of the Measure A Fund in the amount of \$45,501 to the Capital Projects Fund for capital projects, \$1,058,000 to the Development Impact Fees (DIF) Arterial Street Fund for Arterial Streets expenditures and \$1,487,196 to the Total Road Improvement Program (TRIP) Debt service Fund for TRIP Certificates of Participation (COPs) 13A debt service expenditures. These transfers are included in 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 \$243,399 were included in Measure A expenditures during the fiscal year ended June 30, 2018, which is 6.6% of Measure A revenue of \$3,707,442 for the fiscal year ended June 30, 2018. Indirect costs were included in the City's Five-Year CIP as overhead cost. 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: Per discussion with City Management, the City recorded transfers out of the Measure A Fund in the amount of \$1,487,196 to the TRIP Debt Service Fund for TRIP COP 13A debt service expenditures that were included in the Five-Year CIP.

5. 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 actual amounts.

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital projects	\$ 5,281,078	\$ 1,402,299	\$ 3,878,779
Transportation	1,557,285	1,159,981	397,304
Maintenance and operations	429,617	396,202	33,415
Indirect Costs	243,399	243,399	-
Non-Departmental (transfers out)	2,592,501	2,590,697	1,804
Non-Departmental (leave buyouts)	-	49,851	(49,851)
Total expenditures	<u>\$ 10,103,880</u>	<u>\$ 5,842,429</u>	<u>\$ 4,261,451</u>

Per discussion with City management, the budget to actual variance of \$4,261,451 is due to several projects; such as the SR-60, Interchange Improvements and San Timoteo Foothill budgeted for FY 2017-18 that were not completed and the remaining budget was carried forward to FY 2018-19.

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 selected one disbursement in the amount of \$150,841. 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 City collected and remitted \$6,971,308 of TUMF fees during fiscal year ended June 30, 2018.

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 selected one disbursement in the amount of \$590,923. 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 City collected and remitted \$2,582,009 of MSHCP fees during fiscal year ended June 30, 2018

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: No exceptions were noted as a result of applying this procedure. Refer to Exhibit B for a copy of the City's MOE calculation.

- 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: No transfers in were noted as a result of applying this procedure.

- 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 \$2,265,834 were greater than the MOE base requirement of \$1,459,153 resulting in an excess MOE of \$806,681 for the fiscal year ended June 30, 2018.

- 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: No exceptions were noted as a result of applying this procedure. The City's discretionary funds spent in the fiscal year ended June 30, 2018 exceeded the MOE base year requirement. The City's MOE carryover at June 30, 2018 is calculated as follows:

MOE excess at July 1, 2017	<u>\$ 5,694,641</u>
Current year MOE expenditures	2,265,834
Less: MOE base year requirement	<u>(1,459,153)</u>
MOE excess for the fiscal year ended June 30, 2017	<u>806,681</u>
MOE excess at June 30, 2018	<u><u>\$ 6,501,322</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. 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 E O'Connell LPA
Newport Beach, California
January 18, 2019

CITY OF MORENO VALLEY, 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)
Revenue:			
Measure A	\$ 3,912,000	\$ 3,707,442	\$ (204,558)
Investment interest income	80,000	60,680	(19,320)
Miscellaneous income	30,000	12,400	(17,600)
Revenues from other Governments	2,400,761	768,007	(1,632,754)
Reimbursement Agreement	<u>-</u>	<u>132,922</u>	<u>132,922</u>
Total revenue	<u>6,422,761</u>	<u>4,681,451</u>	<u>(1,741,310)</u>
Expenditures:			
Capital Projects	5,281,078	1,402,299	3,878,779
Transportation	1,557,285	1,159,981	397,304
Maintenance and Operations	429,617	396,202	33,415
Indirect Costs	243,399	243,399	-
Non-Departmental (transfers out)	2,592,501	2,590,697	1,804
Non-Departmental (leave buyouts)	<u>-</u>	<u>49,851</u>	<u>(49,851)</u>
Total expenditures	<u>10,103,880</u>	<u>5,842,429</u>	<u>4,261,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,681,119)</u>	<u>\$ (1,160,978)</u>	<u>\$ 2,520,141</u>

CITY OF MORENO VALLEY, CALIFORNIA
MOE Calculation
For the Fiscal Year Ended June 30, 2018
(Unaudited)

City of Moreno Valley
Maintenance of Effort Expense
FY 2017-2018 Construction and Maintenance Expenditures

G/L	Project Expenditures Included in General Ledger		Total Cost	General Fund
Construction			\$ -	\$ -
Maintenance:				
1010 70 45110	Public Works	Transportation Eng-General	\$ 1,058,823.3	\$ 1,058,823.3
1010 70 45111	Public Works	Maintenance	\$ 632,738.32	\$ 632,738.32
1010 70 45112	Public Works	Guards	\$ 751.71	\$ 751.71
1010 70 45122	Public Works	Public Works-Sign/Striping	\$ 67,372.80	\$ 67,372.80
1010 70 45211	Public Works	Engineering	\$ 1,071.00	\$ 1,071.00
1010 70 45220	Public Works	Eng	\$ 48.00	\$ 48.00
1010 70 80008	Public Works	CIP -Traffic Signals	\$ 999.84	\$ 999.84
Engineering/Administrative Overhead Not Allocated to Specific Projects				
1010 99 905014	99 Non-Department	Transfer to LMD 2014-02	\$ 180,529.00	\$ 180,529.00
1010 99 905110	99 Non-Department	Transfer to Zone "C" Art Light Fund	\$ 145,000.00	\$ 145,000.00
1010 99 905112	99 Non-Department	Transfer to Zone "M" Median Light Fund	\$ 178,500.00	\$ 178,500.00
Expenditure Totals			\$ 2,265,834.0	\$ 2,265,834.0

MOE Base Year Amount \$ (1,459,153.00)

MOE excess at June 30, 2018 \$ 806,681.02