

CITY OF MORENO VALLEY, CALIFORNIA
REPORT ON AGREED-UPON PROCEDURES
APPLIED TO MEASURE A LOCAL STREETS
AND ROADS PROGRAM
FISCAL YEAR ENDED JUNE 30, 2021

**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 to assist management of the Riverside County Transportation Commission (RCTC) in determining whether the City of Moreno Valley (the City) was in compliance with the Measure A Local Streets and Roads Program grant terms and conditions for the fiscal year ended June 30, 2021. The City's management is responsible for the accounting records.

RCTC has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose in determining whether the City was in compliance with the Measure A Local Streets and Roads Program grant terms and conditions for the fiscal year ended June 30, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and results are listed in Attachment A.

We were engaged by RCTC to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the Measure A Local Streets and Roads Program grant terms and conditions. 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.

We are required to be independent of the City and RCTC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the management and the Board of Commissioners of the RCTC and is not intended to be, and should not be, used by anyone other than those specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
February 21, 2022

**RIVERSIDE COUNTY TRANSPORTATION COMMISSION
AGREED-UPON PROCEDURES AND RESULTS – CITY OF MORENO VALLEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
ATTACHMENT A**

1. Review the 2009 Measure A (Ordinance 02-001) compliance requirements. Western Riverside County jurisdictions are required to participate in the Transportation Uniform Mitigation Fee (TUMF) program and in the Multiple 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.

Results: We reviewed the 2009 Measure A Ordinance (Ordinance 02-001). We also confirmed that the City of Moreno Valley (City) participates in the TUMF program administered by WRCOG and the MSHCP administered by RCA.

2. Obtain from the Riverside County Transportation Commission (RCTC) the approved 5-Year Capital Improvement Plan (CIP) for the fiscal year ended June 30, 2021.

Results: We obtained the City's 5-Year CIP and Amendment No. 1 for the fiscal year ended June 30, 2021, approved by RCTC.

3. Obtain from the jurisdiction a detail general ledger and balance sheet for the fiscal year ended June 30, 2021.

- 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.

Results: We obtained the City's detailed trial balance for the fiscal year ended June 30, 2021. The Measure A cash and investments were \$4,634,736 at June 30, 2021. The difference between Measure A cash and investments of \$4,634,736 and fund balance of \$6,119,862 was \$1,485,126, or 24% of the fund balance; thus, no explanation from City management is required.

- b. Identify amounts due from other funds.

Results: Per review of the City's detailed trial balance, we noted due from other funds for \$1,532,057 as of June 30, 2021.

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

Results: The ending fund balance for the City's Measure A activity was restricted in the amount of \$6,119,862 at June 30, 2021.

- i. 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.

Results: Per review of the City's trial balance for the fiscal year ended June 30, 2021, we noted that there were no restatements of the Measure A fund balance as of July 1, 2020.

- ii. Compare ending fund balance to total revenues for the current year and prior two years. If the ending fund balance is greater than the 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).

Results: No exceptions were noted as a result of applying this procedure. The City's ending fund balance did not exceed the cumulative total revenues for the 3-year period as illustrated below.

Revenue for the fiscal year ended June 30, 2021	\$ 5,419,455
Revenue for the fiscal year ended June 30, 2020	4,416,476
Revenue for the fiscal year ended June 30, 2019	<u>4,803,511</u>
 Total revenue for the 3-year period	 <u>\$ 14,639,442</u>
 Fund balance for the fiscal year ended June 30, 2021	 <u>\$ 6,119,862</u>

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 ended June 30, 2021.

Results: We obtained the City's detailed trial balance for the fiscal year ended June 30, 2021. 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 \$5,419,455 for the fiscal year ended June 30, 2021 (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.

Results: We obtained the Measure A Local Streets and Roads Annual Disbursement report from RCTC and agreed the total disbursement amount of \$5,310,787 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 ended June 30, 2021.
 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.

Results: We obtained the City's Worksheet for Interest Apportionment for the fiscal year ended June 30, 2021, and noted that interest income of \$41,954 was allocated to the Measure A Special Revenue Fund for the fiscal year ended June 30, 2021.

- 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 ended June 30, 2021.

Results: 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 \$3,617,284 for the fiscal year ended June 30, 2021 (refer to Exhibit A).

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

Results: We haphazardly selected two transactions for \$1,057,350, which represented 29% of the total Measure A expenditure balance for the fiscal year ended June 30, 2021.

1. For the expenditures selected for testing, compare the dollar amount recorded in the general ledger to the supporting documentation.

Results: 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.

Results: 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 the nature of the transfer out was included in the 5-Year CIP.

Results: Per inquiries with management and review of the detailed trial balance, the City recorded the following transfers out from the Measure A Special Revenue Fund:

- \$1,057,143 to the Development Impact Fees (DIF) Arterial Street Fund for debt service expenditures for the 2013-2014 Refunding Lease Revenue Bonds;
- \$250 to the Total Road Improvement Program (TRIP) debt service fund for the certificates of participation debt service expenditures; and
- \$426,000 to the TRIP debt service fund for the certificates of participation debt service expenditures.

The nature of these transfers out was included in the 5-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 5-Year CIP.

Results: 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 \$243,399 to the Measure A Special Revenue Fund, which was 5% of the fiscal year ended June 30, 2021, Measure A revenues of \$5,310,787. Cost Allocation Plan (Overhead) costs were included in the expenditure line items of Capital Projects, Transportation, Maintenance and Operations, and Non-Departmental (Leave Buyouts). 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 and determine if such costs are included in the 5-Year CIP.

1. 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.

Results: Per review of the City's detailed trial balance and prior fiscal year financial statements, the City had debt service expenditures of \$1,483,393 for the fiscal year ended June 30, 2021, and \$1,549,322 for the fiscal year ended June 30, 2020, a decrease of \$65,929, or 4%; thus, no explanation from City management was required.

5. Obtain from RCTC a listing of jurisdictions who participate in the Western Riverside 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.

Results: The City passed an ordinance in the fiscal year ended June 30, 2019, for WRCOG to calculate and collect TUMF fees on the City's behalf. Therefore, this procedure was not applicable.

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

Results: The City passed an ordinance in the fiscal year ended June 30, 2019, for WRCOG to calculate and collect TUMF fees on the City's behalf. Therefore, this procedure was not applicable. Per review of the City's detailed trial balance for the TUMF program, the total amount of fees collected and remitted was \$0 during the fiscal year ended June 30, 2021.

6. Obtain from RCTC a listing of jurisdictions who participate in the Western Riverside 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.

Results: We obtained the City's trial balance for the MSHCP program and haphazardly selected one disbursement paid to RCA in the amount of \$124,362. 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.

Results: Per inquiries of City management and review of the City's detailed trial balance for the MSHCP program, there were no amounts collected in prior years and not remitted to RCA as of June 30, 2021.

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

Results: Per review of the City's trial balance for the MSHCP program, the total amount of fees collected was \$1,278,628 and the amount of fees remitted was \$1,107,627 for the fiscal year ended June 30, 2021. The variance between collected and remitted was due to a timing difference of fees of \$171,001 collected in June 2021 and remitted in July 2021.

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.

Results: We obtained the MOE base year requirement and allowable carryover as of June 30, 2020, from RCTC (included in the 2021 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.

Results: 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.

Results: Per review of the General Fund general ledger, no transfers in to fund any MOE amounts were identified for fiscal year ended June 30, 2021.

- 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.

Results: We noted that current year MOE expenditures of \$1,787,171 were greater than the MOE base requirement of \$1,459,153 resulting in an excess MOE of \$328,018 for the fiscal year ended June 30, 2021.

- 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.

Results: Per review of the City’s fiscal year 2021 Construction and Maintenance Expenditure summary worksheet, the City’s discretionary funds spent in the fiscal year ended June 30, 2021, exceeded the MOE base year requirement. The total MOE excess balance at June 30, 2021, was \$8,847,129. No exceptions were noted as a result of applying this procedure. The City’s MOE carryover at June 30, 2021, is calculated as follows:

MOE excess at July 1, 2020	\$ 8,519,111
Current year MOE expenditures	1,787,171
Less: MOE base year requirement	<u>(1,459,153)</u>
MOE excess for the fiscal year ended June 30, 2021	<u>328,018</u>
MOE excess at June 30, 2021	<u><u>\$ 8,847,129</u></u>

**CITY OF MORENO VALLEY, CALIFORNIA
 MEASURE A OPERATING STATEMENT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021
 (UNAUDITED)
 EXHIBIT A**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Measure A	\$ 3,501,000	\$ 5,310,787	\$ 1,809,787
Investment Interest Income	80,000	41,954	(38,046)
Miscellaneous Income	10,000	811	(9,189)
Reimbursement	<u>-</u>	<u>65,903</u>	<u>65,903</u>
Total Revenues	<u>3,591,000</u>	<u>5,419,455</u>	<u>1,828,455</u>
Expenditures:			
Capital Projects	630,753	270,103	360,650
Transportation	1,655,185	1,294,525	360,660
Maintenance and Operations	667,148	555,156	111,992
Non-Departmental (Transfers Out)	1,483,393	1,483,393	-
Non-Departmental (Leave Buyouts)	<u>-</u>	<u>14,107</u>	<u>(14,107)</u>
Total Expenditures	<u>4,436,479</u>	<u>3,617,284</u>	<u>819,195</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (845,479)</u>	<u>\$ 1,802,171</u>	<u>\$ 2,647,650</u>

**CITY OF MORENO VALLEY, CALIFORNIA
MOE CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)
EXHIBIT B**

Actual Amount				Fiscal Year		Fiscal Calendar
Account Type	Level 1	Level 2	Level 4	2021	Level 4	2021
Expenses	1010 General Fund	70 Public Works	45110 Transportation Eng - General	\$ 963,054	45110 Transportation Eng - General	\$ 847,488
Expenses	1010 General Fund	70 Public Works	45111 Traffic Signal Maintenance	616,177	45111 Traffic Signal Maintenance	616,177
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	88	80008 CIP - Traffic Signals	88
Expenses	1010 General Fund	70 Public Works		1,579,319		1,463,753
Expenses	1010 General Fund Total			1,579,319		1,463,753
Expenses Total				1,579,319		1,463,753
Grand Total				\$ 1,579,319		\$ 1,463,753

Only 88% eligible

\$ 1,463,753

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	2021	Account Code And Description	2021
Expenses	1010 General Fund	99 Non-Department	99 Non-Department	91010 Non-Dept General Fund	902000 - Transfers to GAS TAX FUND	\$ 326,000	902000 - Transfers to GAS TAX FUND	\$ -
Expenses	1010 General Fund	99 Non-Department	99 Non-Department	91010 Non-Dept General Fund	905012 - Transfers to LMD 2014-01	144,918	905012 - Transfers to LMD 2014-01	144,918
Expenses	1010 General Fund	99 Non-Department	99 Non-Department	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-Department	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-Department			649,418		323,418
Expenses	1010 General Fund	99 Non-Department	99 Non-Department Total			649,418		323,418
Expenses	1010 General Fund Total	99 Non-Department Total				649,418		323,418
Expenses Total						649,418		323,418
Grand Total						\$ 649,418		\$ 323,418

	\$ 323,418
Total MOE	\$ 1,787,171
MOE Base Year	1,459,153
Excess (Deficiency)	\$ 328,018