

CITY OF COACHELLA, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to Measure A – Local Streets and Roads

Fiscal Year Ended June 30, 2019

DRAFT

**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"), solely to assist RCTC in determining whether the City of Coachella, California ("City") was in compliance with the Measure A Local Streets and Roads Program grant terms and conditions for the year ended June 30, 2019. The City's management is responsible for the 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 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. Obtain 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: No exceptions were noted as a result of applying this procedure. The City participates in the TUMF program administered by CVAG.

2. Obtain the City's approved 5-Year Capital Improvement Plan ("CIP") from RCTC for the fiscal year ended June 30, 2019.

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

3. Obtain a detailed general ledger and balance sheet from the City for the fiscal year ended June 30, 2019.
 - a. Identify the amount of Measure A cash and investments recorded at June 30, 2019. Compare amount to Measure A fund balance and provide an explanation for any difference greater than 25% fund balance.

Finding: Measure A cash and investments were \$827,898 at June 30, 2019. The difference between Measure A cash and investments of \$827,898 and fund balance of \$868,875 is \$40,977 or 5% of the fund balance.

- b. Identify amounts due from other funds.

Finding: There were no amounts due from other funds at June 30, 2019.

- c. Identify the components of ending fund balance for Measure A activity.

Finding: Ending fund balance for Measure A activity was unassigned in the amount of \$868,875 at June 30, 2019.

- d. Identify the existence of any restatement of Measure A fund balance and inquire of management as to the reason for any restatement.

Finding: We noted no restatement of Measure A fund balance at June 30, 2018.

- 4. Obtain an operating statement for Measure A activity for the fiscal year ended June 30, 2019 (see Exhibit A), including budget amounts.

- a. Review the revenues in the operating statement.

- i. Inquire of management as to what fund was used to record Measure A revenues received from RCTC and document total revenues for the fiscal year ended June 30, 2019.

Finding: The City accounts for Measure A revenue in its Local Transportation Fund – Measure A (Fund #117). The City recorded total revenues in the amount of \$695,343 for the fiscal year ended June 30, 2019.

- ii. Obtain a listing of Measure A payments made from RCTC to the City. Compare the Measure A revenues recorded by the City to the listing of payments made by RCTC.

Finding: We identified no variances. The Measure A revenues recorded by the City and RCTC Measure A payment schedule was \$646,744.

- iii. Determine the amount of interest allocated to Measure A activity for the fiscal year ended June 30, 2019.

Finding: The City allocated interest in the amount of \$48,599 to the Measure A activity 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 document total expenditures for the fiscal year ended June 30, 2019.

Finding: The City accounts for Measure A expenditures in its Local Transportation Fund – Measure A (Fund #117). The City recorded total expenditures in the amount of \$1,300,254 for the fiscal year ended June 30, 2019.

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

Finding: The City recorded Measure A expenditures in the amount of \$1,300,254. We selected \$430,448 or 33% for testing.

1. For the expenditures selected for testing, compare the dollar amount recorded in 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 5-Year CIP and note whether the projects claimed were included in the 5-Year CIP and whether they constitute allowable costs.

Finding: Expenditures selected for testing were included in the 5-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 and 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: We noted transfers out from the Measure A fund in the amount of \$1,300,254 to the CIP Project Fund. These transfers represent reimbursements for projects included in the 5-Year CIP.

- iv. Inquire of management as to the amount of general or non-project-related 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 discussion with management, there were no indirect costs recorded for the fiscal year ended June 30, 2019.

- 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 5-Year CIP.

Finding: There were no debt service expenditures recorded in the Measure A Fund that were noted as a result of applying this procedure.

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

Finding: The following schedule compares budgeted expenditures to actual amounts.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Transfers out	\$ 2,357,498	\$ 1,300,254	\$ 1,057,244
Total	<u>\$ 2,357,498</u>	<u>\$ 1,300,254</u>	<u>\$ 1,057,244</u>

Per discussion with City management, the variance in Transfers out is due to expenditures related to projects budgeted for the fiscal year 2019 being covered through other non-Measure A funds.

6. Obtain from RCTC a listing of jurisdictions that 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 of \$34,650 for validation. The payment selected for testing indicated that the TUMF was collected and remitted to CVAG as required.

- b. Indicate the total amount of TUMF fees collected and remitted during the fiscal year ended June 30, 2019.

Finding: The total amount of TUMF collected during the fiscal year ended June 30, 2019 was \$79,835. The total amount of TUMF remitted during the fiscal year ended June 30, 2019 was \$78,122. The difference in the amount of \$1,713 was due to the City overlooking to send TUMF in the amount of \$1,713 to CVAG. The City remitted the remaining \$1,713 TUMF balance to CVAG on October 9, 2019.

7. Obtain from RCTC a listing of jurisdictions that participate in the Western County MSHCP program.
 - a. If the jurisdiction is a participant in the Western County MSHCP program, select at least one disbursement for validation as to the amount remitted to RCA.

Finding: The City is not a participant in the Western County MSHCP program.

- b. Inquire of management as to the existence of any fees collected in prior years that were not remitted to RCA by the end of this fiscal year.

Finding: The City is not a participant in the Western County MSHCP program.

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

Finding: The City is not a participant in the Western County MSHCP program.

- 8. Obtain from RCTC the Maintenance of Effort (“MOE”) base year requirement, including its supporting detail 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 a format similar to its base year calculation. See Exhibit B.

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

- 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 from Measure A fund were noted. Therefore, no adjustment was necessary.

- 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 \$1,278,189 were greater than the MOE base requirement of \$92,205 resulting in an excess of \$1,185,984 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: No exceptions were noted as result of applying this procedure. The City’s discretionary funds spent in the fiscal year ended June 30, 2019 exceeded the MOE base year requirement. The City’s MOE carryover at June 30, 2019 is calculated as follows:

MOE excess at July 1, 2018	\$ 5,251,884
Current year MOE expenditures	1,278,189
Less: MOE base requirement	<u>(92,205)</u>
Excess MOE for fiscal year ended June 30, 2019	<u>1,185,984</u>
MOE excess at June 30, 2019	<u>\$ 6,437,868</u>

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the accounting records. 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 the City Council and management of the City of Coachella and is not intended to be, and should not be, used by anyone other than these specified parties.

Lake Forest, California
October 7, 2019

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CITY OF COACHELLA, CALIFORNIA

Measure A Operating Statement
 Fiscal Year Ended June 30, 2019
 (Unaudited)

	<u>Budget</u>	<u>Actual</u>	Variance From Final Budget Favorable (Unfavorable)
Revenues:			
Measure A	\$ 608,000	\$ 646,744	\$ 38,744
Interest income	<u>2,000</u>	<u>48,599</u>	<u>46,599</u>
Total revenues	<u>610,000</u>	<u>695,343</u>	<u>85,343</u>
Expenditures:			
Transfers out	<u>2,357,498</u>	<u>1,300,254</u>	<u>1,057,244</u>
Total expenditures	<u>2,357,498</u>	<u>1,300,254</u>	<u>1,057,244</u>
Deficiency of revenues under expenditures	<u>\$ (1,747,498)</u>	<u>\$ (604,911)</u>	<u>\$ 1,142,587</u>

CITY OF COACHELLA, CALIFORNIA

Measure A MOE Calculation
For the Fiscal Year Ended June 30, 2019
(Unaudited)

FY 2018/19 Construction and Maintenance Expenditures
(Round to nearest dollar)

Project Expenditures Included in General Ledger	Total Cost	General Fund	Meas A	Federal	State	City Funds	Other
Construction:							
ST 69 Ave 50 Bridge/Whitewater Chan	\$ 54,456	\$ -	\$ -	\$ 3,396	\$ -	\$ 10,766	\$ 40,294
ST-66 SRTS Fed Cycle 3	441,884			301,338		140,546	
ST67 Ave 50/i-10 Interchange La Entrada	607,283					322,483	284,800
ST-77 Street Rehab Phase 17	2,108,310		1,300,498		807,812		
ST-78 Ave 48 Widening Project	1,739,173			1,359,389		166,553	213,231
ST-81 Avenue 50 Interchange	324,900			113,057		54,077	157,766
ST-84 Class 2 Bike Lanes	33,912			16,625	17,287		
ST-86 Caltrans ATP	514,742			514,742			
ST-93 Ave 50 Widening Project	54,161					18,040	36,121
ST-98 Ave 50 Extension-La Entrada	859,350					304,467	554,883
ST-100 Avenue 49 Sidewalk I-Construction	46,944					46,944	
ST 106 Traffic Signal at Coral Mountain	231,925					231,925	
ST-107 Avenue 48 / Van Buren	15					15	
ST-70 Street Rehab Ph 13	202,691				202,691		
ST-109 Dillon Road Bridge Interstate 10 Interchange & SR 86 Interchange	95,513						95,513
ST-110 Sidewalk ARABY	4,711					4,711	
ST-116 Ave 52 & Ave 54 Road-Construction	200,000				200,000		
ST-96 Av 52 Street Improv	(107)		(107)				
ST-97 Tyler Street Improvements Avenue 54	(137)		(137)				
Maintenance:							
Salaries and Benefits for street maintenance personnel	673,397	673,397					
Professional Services	192,208	192,208					
Repairs and maintenance costs	6,930	6,930					
Rentals	36,359	36,359					
Energy Charges	186,809	186,809					
Supplies	171,067	171,067					
Other	11,419	11,419					
Engineering/Administrative Overhead Not Allocated to Specific Projects:							
	-	-					
Expenditure Totals	\$ 8,797,915	\$ 1,278,189	\$ 1,300,254	\$ 2,308,547	\$ 1,227,790	\$ 1,300,527	\$ 1,382,608

Deductions for Special Consideration (Deductions Must Also Be Included in Project Expenditures Above):	Total Project Cost	General Fund	State Reason Why Project Expenditure Should Be Deducted from MOE
Construction:	\$ -	\$ -	
Maintenance:			
Engineering/Administrative Overhead Not Allocated to Specific Projects:			
Deduct Totals	\$ -	\$ -	

Total GF Expenditures	\$ 1,278,189
Minus Deductions	-
MOE Base Year	\$ 1,278,189

Base Year Requirement (92,205)
MOE excess for fiscal year ended June 30, 2019 \$ 1,185,984