

**CITY OF COACHELLA, CALIFORNIA**

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

Fiscal Year Ended June 30, 2020

## 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, 2020. 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, 2020.

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, 2020.
  - a. Identify the amount of Measure A cash and investments recorded at June 30, 2020. 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 \$246,972 at June 30, 2020. The difference between Measure A cash and investments of \$246,972 and fund balance of \$189,685 is \$57,287 or 30% of the fund balance. The variance is due to accounts receivable of \$20,304, due from other agencies of \$122,693, interest receivable of \$4,804, accounts payable of \$104,268, and due from other governments of \$100,820.

- b. Identify amounts due from other funds.

Finding: There were no amounts due from other funds at June 30, 2020.

- 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 \$189,685 at June 30, 2020.

- i. 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 a restatement of Measure A fund balance at June 30, 2019 of \$46,914. Per discussion with the City, the \$46,914 revenue was reclassified as unavailable revenue as it was received after the 60-day revenue recognition period.

- ii. 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.

Finding: 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 year ended June 30, 2020	\$ 711,513
Revenue for year ended June 30, 2019	695,343
Reclassification of revenue as unearned revenue in FY 2019	(46,914)
Revenue for year ended June 30, 2018	<u>631,839</u>
Total Revenue for the 3-year period	<u>\$ 1,991,781</u>
Fund balance for year ended June 30, 2020	<u>\$ 189,685</u>

- 4. Obtain an operating statement for Measure A activity for the fiscal year ended June 30, 2020 (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, 2020.

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 \$711,513 for the fiscal year ended June 30, 2020.

- 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 the following variances between the Measure A revenues recorded by the City and RCTC Measure A payment schedule.

	<u>RCTC</u>	<u>City of Coachella</u>
Measure A revenue recorded	\$ 636,862	\$ 683,776
2019 allocation payment for June	<u>-</u>	<u>(46,914)</u>
Measure A revenue reconciled	<u>\$ 636,862</u>	<u>\$ 636,862</u>

The difference is due to the June 2019 payment from RCTC, in the amount of \$46,914, being recorded by the City in fiscal year 2020.

- iii. Determine the amount of interest allocated to Measure A activity for the fiscal year ended June 30, 2020.

Finding: The City allocated interest in the amount of \$27,737 to the Measure A activity 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 document total expenditures for the fiscal year ended June 30, 2020.

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 \$1,343,789 for the fiscal year ended June 30, 2020.

- 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 \$1,343,789. We selected \$605,966 or 45.09% 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 \$1,338,921 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, 2020.

- 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.

3. Compare the 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: The City did not record debt service expenditures.

5. 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 \$73,920 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 collected and remitted during the fiscal year ended June 30, 2020.

Finding: The total amount of TUMF collected during the fiscal year ended June 30, 2020 was \$328,636. The total amount of TUMF remitted during the fiscal year ended June 30, 2020 was \$330,349. The difference in the amount of \$1,713 was due to a TUMF collection for FY 2018-19 being remitted in FY 2019-20.

6. 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.

7. 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 \$1,293,252 were greater than the MOE base requirement of \$92,205 resulting in an excess of \$1,201,047 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: No exceptions were noted as a result of applying this procedure. The City's discretionary funds spent in the fiscal year ended June 30, 2020 exceeded the MOE base year requirement. The City's MOE carryover at June 30, 2020 is calculated as follows:

MOE excess at July 1, 2019	\$ 6,437,868
Current year MOE expenditures	1,293,252
Less: MOE base requirement	<u>(92,205)</u>
Excess MOE for fiscal year ended June 30, 2020	<u>1,201,047</u>
MOE excess at June 30, 2020	<u>\$ 7,638,915</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.

*Conrad LLP*

Lake Forest, California  
 October 28, 2020

**CITY OF COACHELLA, CALIFORNIA**  
 Measure A Operating Statement  
 For the Fiscal Year Ended June 30, 2020  
 (Unaudited)

	Budget	Actual	Variance From Final Budget Favorable (Unfavorable)
Revenues:			
Measure A	\$ 627,000	\$ 683,776	\$ 56,776
Interest income	1,000	27,737	26,737
Total revenues	628,000	711,513	83,513
Expenditures:			
Engineering	-	4,868	(4,868)
Capital improvements	1,285,282	1,338,921	(53,639)
Total expenditures	1,285,282	1,343,789	(58,507)
Deficiency of revenues under expenditures	\$ (657,282)	\$ (632,276)	\$ 25,006



CITY OF COACHELLA, CALIFORNIA

Measure A MOE Calculation  
 For the Fiscal Year Ended June 30, 2020  
 (Unaudited)

FY 2019/20 Construction and Maintenance Expenditures  
 (Round to nearest dollar)

Project Expenditures Included in General Ledger	Total Cost	General Fund	Measure A	Federal	State	City Funds	Other
<b>Construction:</b>							
ST-78 Ave 48 widening project	\$ 2,011,887	\$ -	\$ -	\$ -	\$ 1,343,853	\$ 668,034	\$ -
ST-84 Class 2 bike lanes	180,885			165,206		15,679	
ST-100 Avenue 49 sidewalk	2,940,682		633,682		2,200,000		107,000
ST-110 Sidewalk ARABY	175,336					23,336	152,000
ST-116 Ave 52 & Ave 54 road	705,239		705,239				
ST-117 Sidewalk ARABY phase 2	172,850			172,850			
ST-121 Vista Del Norte	296,377				296,377		
ST-122 Van Buren	449,650					136,742	312,908
ST-124 Traffic calming phase	137,000					137,000	
F-31 Senior center expansion-street	233,778					233,778	
Jefferson street I/10	4,868		4,868				
<b>Maintenance:</b>							
Salaries and benefits for street maintenance personnel	688,855	688,855					
Professional services	241,243	241,243					
Repairs and maintenance costs	1,410	1,410					
Rentals	11,866	11,866					
Energy charges	192,455	192,455					
Supplies	146,849	146,849					
Other	10,574	10,574					
<b>Engineering/Administrative Overhead Not Allocated to Specific Projects:</b>							
	-	-					
<b>Expenditure Totals</b>	<b>\$ 8,601,804</b>	<b>\$ 1,293,252</b>	<b>\$ 1,343,789</b>	<b>\$ 338,056</b>	<b>\$ 3,840,230</b>	<b>\$ 1,214,569</b>	<b>\$ 571,908</b>

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
<b>Construction:</b>			
	\$ -	\$ -	
<b>Maintenance:</b>			
<b>Engineering/Administrative Overhead Not Allocated to Specific Projects:</b>			
<b>Deduct Totals</b>	<b>\$ -</b>	<b>\$ -</b>	

<b>Total GF Expenditures</b>	\$ 1,293,252
<b>Minus Deductions</b>	-
<b>MOE Base Year</b>	<b>\$ 1,293,252</b>

Base Year Requirement (92,205)  
 MOE excess for fiscal year ended June 30, 2020 \$ 1,201,047