

CITY OF COACHELLA, CALIFORNIA

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

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 on Measure A - Local Streets and Roads Program of the City of Coachella, California ("City") as of and for the year ended June 30, 2021.

Riverside County Transportation Commission ("RCTC") has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose whether the City was in compliance with the Measure A - Local Streets and Roads Program grant terms and conditions for the year ended June 30, 2021. Additionally, RCTC and the City have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all of 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.

The 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: The City participates in the TUMF program administered by CVAG. No exceptions were noted as a result of applying this procedure.

2. Obtain the City's approved 5-Year Capital Improvement Plan ("CIP") from RCTC for the fiscal year ended June 30, 2021.

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, 2021.
 - a. Identify the amount of Measure A cash and investments recorded at June 30, 2021. 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 \$611,655 at June 30, 2021. The difference between Measure A cash and investments of \$611,655 and fund balance of \$687,821 is \$76,166 or 11% of the fund balance.

- b. Identify amounts due from other funds.

Finding: There were no amounts due from other funds at June 30, 2021.

- 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 \$687,821 at June 30, 2021.

- 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 no restatement of Measure A fund balance at June 30, 2020.

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

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, 2021	\$ 768,424
Revenue for year ended June 30, 2020	711,513
Revenue for year ended June 30, 2019	<u>695,343</u>
Total Revenue for the 3-year period	<u>\$ 2,175,280</u>
 Fund balance for year ended June 30, 2021	 <u>\$ 687,821</u>

4. Obtain an operating statement for Measure A activity for the fiscal year ended June 30, 2021 (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, 2021.

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 \$768,424 for the fiscal year ended June 30, 2021.

- 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 between the Measure A revenues recorded by the City and the RCTC Measure A payment schedule, which totaled \$766,227.

- iii. Determine the amount of interest allocated to Measure A activity for the fiscal year ended June 30, 2021.

Finding: The City allocated interest income in the amount of \$5,492 and charged investment fees in the amount of \$3,295 to the Measure A activity for the fiscal year ended June 30, 2021. This resulted in a net interest income of \$2,197.

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, 2021.

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 \$270,288 for the fiscal year ended June 30, 2021.

- 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 \$270,288. We selected \$270,288 or 100% 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 \$270,288 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 the City management, there were no indirect costs recorded for the fiscal year ended June 30, 2021.

- 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.

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

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

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 \$67,962 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, 2021.

Finding: The total amount of TUMF collected during the fiscal year ended June 30, 2021 was \$483,330. The total amount of TUMF remitted during the fiscal year ended June 30, 2021 was \$482,318. The difference in the amount of \$1,012 was due to a TUMF collection for FY 2020-21 in the amount of \$1,012 which should have been applied to Accounts Receivable. The City made the correction to take out the \$1,012 from the TUMF account prior to the issuance of this report.

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 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 \$1,257,406 were greater than the MOE base requirement of \$92,205 resulting in an excess of \$1,165,201 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.

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, 2021 exceeded the MOE

base year requirement. The City's MOE carryover at June 30, 2021 is calculated as follows:

MOE excess at July 1, 2020	\$ 7,638,915
Current year MOE expenditures	1,257,406
Less: MOE base requirement	<u>(92,205)</u>
Excess MOE for fiscal year ended June 30, 2021	<u>1,165,201</u>
MOE excess at June 30, 2021	<u>\$ 8,804,116</u>

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 the Measure A - Local Streets and Roads Program compliance. 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 RCTC and the City to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The City's management is responsible for the accounting records. 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 above, either for the purpose for which this report has been requested, or for any other purpose.

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
September 29, 2021

CITY OF COACHELLA, CALIFORNIA

Measure A Operating Statement
 For the Fiscal Year Ended June 30, 2021
 (Unaudited)

	Budget	Actual	Variance From Final Budget Favorable (Unfavorable)
Revenues:			
Measure A	\$ 531,000	\$ 766,227	\$ 235,227
Interest income	<u>-</u>	<u>2,197</u>	<u>2,197</u>
Total revenues	<u>531,000</u>	<u>768,424</u>	<u>237,424</u>
Expenditures:			
Capital improvements	<u>645,288</u>	<u>270,288</u>	<u>375,000</u>
Total expenditures	<u>645,288</u>	<u>270,288</u>	<u>375,000</u>
Excess of revenues over expenditures	<u>\$ (114,288)</u>	<u>\$ 498,136</u>	<u>\$ 612,424</u>

CITY OF COACHELLA, CALIFORNIA

Measure A MOE Calculation
For the Fiscal Year Ended June 30, 2021
(Unaudited)

FY 2020/21 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
Construction:							
ST-119 La Ponderosa	\$ 1,829,798	\$ -	\$ 270,288	\$ -	\$ 1,493,011	\$ -	\$ 66,500
ST-123 Urban Greening	3,685,497				3,189,153		496,344
Maintenance:							
Salaries and benefits for street maintenance personnel	636,635	636,635					
Professional services	226,416	226,416					
Repairs and maintenance costs	1,909	1,909					
Rentals	15,912	15,912					
Energy charges	192,810	192,810					
Supplies	171,410	171,410					
Other	12,314	12,314					
Engineering/Administrative Overhead Not Allocated to Specific Projects:							
Expenditure Totals	\$ 6,772,701	\$ 1,257,406	\$ 270,288	\$ -	\$ 4,682,164	\$ -	\$ 562,844

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	\$ 1,257,406
Minus Deductions	-
MOE Base Year	\$ 1,257,406

Base Year Requirement (92,205)
MOE excess for fiscal year ended June 30, 2021 \$ 1,165,201