



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 Murrieta, 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, 2019. The City's management is responsible for compliance with the program 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: We reviewed the 2009 Measure A Ordinance (Ordinance 02-001). We also confirmed that the City participates in the TUMF program administered by WRCOG and the MSHCP administered by RCA.

2. Obtain from RCTC the approved Five-Year Capital Improvement Plan (CIP) for the fiscal year.

Finding: We obtained the City's 5-Year CIP for fiscal year 2019 approved by RCTC.

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: We obtained the City's detailed trial balance for fiscal year 2019. The Measure A cash and investments were \$9,928,630 at June 30, 2019. The difference between Measure A cash and investments of \$9,928,630 and fund balance of \$10,349,235 was \$420,605 or 4% of the fund balance, thus no explanation from City management is required.

- b. Identify any amounts due from other funds.

Finding: Per review of the City's detailed trial balance, there were no amounts due from other funds as of June 30, 2019.

- 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 the City's Measure A activity was restricted in the amount of \$10,349,235 at June 30, 2019.

- 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: Per review of the City's trial balance, we noted no restatements of the Measure A beginning fund balance at July 1, 2018.

- 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: We obtained the City's detailed trial balance for fiscal year 2019. We inquired of City management and noted that the City accounts for Measure A revenues in its Measure A Special Revenue Fund (Fund #302). The City recorded total revenues in the amount of \$2,818,963 for the fiscal year ended June 30, 2019 (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 obtained the Measure A Local Streets and Roads Annual Disbursement report from RCTC and agreed the total disbursement amount of \$2,675,678 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.

- 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.

Finding: We obtained the City's Worksheet for Interest Apportionment for fiscal year 2019 and noted that interest revenue of \$143,285 was allocated to the Measure A special revenue fund 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 what the total expenditures were for the fiscal year.

Finding: We inquired of City management and noted that the City accounts for Measure A revenues in its Measure A Special Revenue Fund (Fund #302). The City recorded total Measure A expenditures in the amount of \$985,627 for the fiscal year ended June 30, 2019 (refer to Exhibit A).

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

Finding: We haphazardly selected four transactions for \$773,827, which represents 79% of the total Measure A expenditure balance for the fiscal year ended June 30, 2019.

- 1. For the expenditures selected for testing, compare the dollar amount listed on the general ledger to the supporting documentation.

Finding: 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 Five-Year CIP and note if the project is included in the Five-Year CIP and is an allowable cost.

Finding: 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 nature of transfer out was included in the Five-Year CIP.

Finding: Per inquiries with management and review of the detailed trial balance, the City recorded transfers out of the Measure A special revenue fund in the amount of \$713,502 to the Certificates of Participation 2007 Debt Service Fund which is 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 our inquiries with management and review of the City's trial balance, we noted no indirect costs charged to Measure A funds for fiscal year 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: Per our inquiries of City management, the City does not have an advanced funding agreement with RCTC for fiscal year 2019.

- 2. For cities with other indebtedness, determine if such costs are included in the Five-Year CIP.

Finding: Per our inquiries of management and review of the City’s Expenditure Report, Certificates of Participation 2007 Debt Service expenditures in the amount of \$713,502 were included in the Five-Year CIP plan.

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

	Final Budget	Actual	Variance with Budget Positive (Negative)
Capital Projects	\$ 11,436,147	\$ 267,137	\$ 11,169,010
Contract Audit Services	270	-	270
Contract Services - Traffic	40,000	-	40,000
Investment Administration Fees	3,980	4,988	(1,008)
Transfers Out	728,300	713,502	14,798
Total Expenditures	<u>\$ 12,208,697</u>	<u>\$ 985,627</u>	<u>\$ 11,223,070</u>

Finding: Per our inquiries with City management, the variances in budgeted expenditures and actual expenditures are primarily due to projects that did not start as anticipated, projects that were not completed, and the City using Measure A funds as a last funding source for transportation projects.

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 obtained the City's trial balance for the TUMF program and haphazardly selected one disbursement paid to WRCOG in the amount of \$112,370. We agreed the amount to the invoice to validate that the amount was remitted to WRCOG without exception.

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

Finding: Per review of the City's trial balance for the TUMF program, the total amount of fees collected and remitted was \$1,318,499 for the year ended June 30, 2019.

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 obtained the City's trial balance for the MSHCP program and haphazardly selected one disbursement paid to RCA in the amount of \$180,488. 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.

Finding: Per inquiries of City management and review of the City's detailed trial balance for the MSHCP program, there were no amounts collected in the prior year and not remitted to RCA as of June 30, 2019.

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

Finding: Per review of the City's trial balance for the MSHCP program, the total amount of fees collected and remitted was \$627,608 for the year ended June 30, 2019.

- 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: We obtained the MOE base year requirement and allowable carryover as of June 30, 2018 from RCTC (included in the 2019 Audit Notification Letter).

- 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: Per review of the General Fund general ledger, no transfers in to fund any MOE amounts were identified for fiscal year 2019.

- 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 \$625,569 were greater than the MOE base requirement of \$595,702 resulting in an excess MOE of \$29,867 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: Per review of the City's fiscal year 2019 Construction and Maintenance Expenditure summary worksheet, the City's discretionary funds spent in the fiscal year ended June 30, 2019 exceeded the MOE base year requirement. The total MOE excess balance at June 30, 2019 was \$284,492. No exceptions were noted as a result of applying this procedure. The City's MOE carryover at June 30, 2019 is calculated as follows:

MOE excess at July 1, 2018	<u>\$ 254,625</u>
Current year MOE expenditures	625,569
Less: MOE base year requirement	<u>(595,702)</u>
MOE excess (deficiency) for the fiscal year ended June 30, 2019	<u>29,867</u>
MOE excess at June 30, 2019	<u><u>\$ 284,492</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 or conclusion. 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 & O'Connell LLP

Newport Beach, California
February 27, 2020

CITY OF MURRIETA, CALIFORNIA
Measure A Operating Statement
For the Fiscal Year Ended June 30, 2019
(Unaudited)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Interest income	\$ 55,440	\$ 143,285	\$ 87,845
Measure A	<u>2,345,000</u>	<u>2,675,678</u>	<u>330,678</u>
Total revenues	<u>2,400,440</u>	<u>2,818,963</u>	<u>418,523</u>
Expenditures:			
Capital Projects	11,436,147	267,137	11,169,010
Contract Audit Services	270	-	270
Contract Services - Traffic	40,000	-	40,000
Investment Administration Fees	3,980	4,988	(1,008)
Transfers Out	<u>728,300</u>	<u>713,502</u>	<u>14,798</u>
Total expenditures	<u>12,208,697</u>	<u>985,627</u>	<u>11,223,070</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (9,808,257)</u>	<u>\$ 1,833,336</u>	<u>\$ 11,641,593</u>

