

**CITY OF PALM SPRINGS, CALIFORNIA**

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

Fiscal Year Ended June 30, 2023



## **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 Palm Springs, California ("City") as of and for the year ended June 30, 2023.

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, 2023. 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: 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, 2023.

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, 2023.

- a. Identify the amount of Measure A cash and investments recorded at June 30, 2023. 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 \$9,091,912 at June 30, 2023. The difference between Measure A cash and investments of \$9,091,912 and fund balance of \$9,770,962 is \$679,050 or 7% of the fund balance.

- b. Identify amounts due from other funds.

Finding: There were no amounts due from other funds at June 30, 2023.

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

Finding: Ending fund balance for Measure A activity was restricted in the amount of \$9,770,962 at June 30, 2023.

- 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, 2022 of \$330,035. The restatement was due to the following adjustments.

Fund balance per FY 2022 final report	\$ 8,331,834
Fair value adjustment FY 2022	(130,158)
Project expenditure FY 2022	(210,298)
Reclass CVAG Mesquite loan	<u>10,421</u>
 Fund balance for FY 2022 - Restated	 <u>\$ 8,001,799</u>

- 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, 2023	\$ 4,078,995
Revenue for year ended June 30, 2022	8,293,069
Revenue for year ended June 30, 2021	<u>4,356,319</u>
 Total Revenue for the 3-year period	 <u>\$ 16,728,383</u>
 Fund balance for year ended June 30, 2023	 <u>\$ 9,770,962</u>

4. Obtain an operating statement for Measure A activity for the fiscal year ended June 30, 2023 (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, 2023.

Finding: The City accounts for Measure A revenue in its Measure A Improvements Fund (Fund #134). The City recorded total revenues in the amount of \$4,078,995 for the fiscal year ended June 30, 2023.

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 \$3,274,168.

iii. Determine the amount of interest allocated to Measure A activity for the fiscal year ended June 30, 2023.

Finding: The City allocated interest in the amount of \$80,504 to the Measure A activity for the fiscal year ended June 30, 2023.

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, 2023.

Finding: The City accounts for Measure A expenditures in its Measure A Improvements Fund (Fund #134). The City recorded total expenditures in the amount of \$2,309,832 for the fiscal year ended June 30, 2023.

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 \$2,309,832. We selected \$485,918 or 21% 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 no transfers in or out recorded in the Measure A Fund. No exceptions were noted as a result of applying this procedure.

- 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, 2023.

- 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: The debt service expenditure reduced from \$619,500 in fiscal year 2022 to \$0 in fiscal year 2023. This decrease of \$619,500 or 100% is due to the payment in fiscal year 2022 being the last payment under the Local Measure A Bond.

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 \$22,003 for validation. The payment selected for testing indicated that the TUMF is 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, 2023.

Finding: The total amount of TUMF collected and the amount remitted during the fiscal year ended June 30, 2023 was \$289,417. No exceptions were noted as a result of applying this procedure.

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. Scan 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 \$5,034,804 were greater than the MOE base requirement of \$1,498,732 resulting in an excess of \$3,536,072 for fiscal year ended June 30, 2023.

- 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, 2023, exceeded the MOE base year requirement.

The City’s MOE carryover at June 30, 2023 is calculated as follows:

MOE excess at July 1, 2022	\$ 46,367,311
Current year MOE expenditures	5,034,804
Less: MOE base requirement	<u>( 1,498,732)</u>
Excess MOE for fiscal year ended June 30, 2023	<u>3,536,072</u>
MOE excess at June 30, 2023	<u>\$ 49,903,383</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.

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 Palm Springs and is not intended to be, and should not be, used by anyone other than these specified parties.



Lake Forest, California  
November 21, 2023

**CITY OF PALM SPRINGS, CALIFORNIA**  
Measure A Operating Statement  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)

	<u>Budget</u>	<u>Actual</u>	Variance From Final Budget Favorable (Unfavorable)
Revenues:			
Measure A	\$ 3,151,000	\$ 3,274,168	\$ 123,168
Coachella Valley Association of Governments	3,015,930	724,323	(2,291,607)
Investment income	-	80,504	80,504
	<u>6,166,930</u>	<u>4,078,995</u>	<u>(2,087,935)</u>
Expenditures:			
Construction and maintenance	<u>20,371,748</u>	<u>2,309,832</u>	<u>18,061,916</u>
	<u>20,371,748</u>	<u>2,309,832</u>	<u>18,061,916</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$(14,204,818)</u>	<u>\$ 1,769,163</u>	<u>\$15,973,981</u>



CITY OF PALM SPRINGS, CALIFORNIA

Measure A MOE Calculation  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)

**FY 2022/23 Construction and Maintenance Expenditures**  
(Rounded to nearest dollar)

Project Expenditures Included in General Ledger	Total Cost	Funding Breakdown				
		General Fund	Measure A	Federal	State	City Funds
<b>Construction:</b>						
Street reconstruction (2603185-80000)	\$ 1,135	\$ 1,135	\$ -	\$ -	\$ -	\$ -
Community sidewalks (2603190-80000)	590,654	590,654				
<b>Maintenance:</b>						
Street maintenance (1006515-XXXXX)	2,265,006	2,265,006				
Signal maintenance & repair (1002000-40105 (St Francis))	510,000	510,000				
Sidewalk cleaning/downtown (1006520-XXXXX)	1,457,675	1,457,675				
Street light operation and overhead (1006530-4XXXX)	1,668,009	1,668,009				
Streets slurry seal (2616515-50106)	-	-				
<b>Engineering/Administrative Overhead Not Allocated to Specific Projects (1002000-40105):</b>						
	337,583	337,583				
<b>Expenditure Totals</b>	<b>\$ 6,830,062</b>	<b>\$ 6,830,062</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</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>			
Sidewalk cleaning/downtown	\$ 1,457,675	\$ 1,457,675	Costs included in Department 6520 are not related to maintenance of street lighting.
<b>Engineering/Administrative Overhead Not Allocated to Specific Projects:</b>			
	337,583	337,583	
<b>Deduct Totals</b>	<b>\$ 1,795,258</b>	<b>\$ 1,795,258</b>	

Total GF Expenditures	\$ 6,830,062
Less: Deductions	<u>(1,795,258)</u>
MOE Current Year	5,034,804
MOE base year requirement	<u>(1,498,732)</u>
MOE excess for fiscal year ended June 30, 2023	<u>\$ 3,536,072</u>