



*January 12, 2022*

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director,  
Internal Audit Department

**Subject:** Fiscal Year 2020-21 Single Audit and Agreed-Upon Procedures Reports

### **Overview**

The Orange County Transportation Authority is required to obtain an independent auditor's opinion on its compliance with requirements of major federal programs. Crowe LLP, an independent accounting firm, has issued the required Single Audit Report with its opinion on the Orange County Transportation Authority's compliance with major federal programs. In addition, reports have been issued on the results of agreed-upon procedures applied by Crowe LLP, to assist management in determining compliance with certain state, federal, and local requirements.

### **Recommendation**

Receive and file the fiscal year 2020-21 Single Audit and agreed-upon procedures reports as information items.

### **Background**

Pursuant to Section 28770 of the Public Utilities Code, the Orange County Transportation Authority (OCTA) prepares an annual set of financial statements presenting its results of operations and financial position at fiscal year-end. Crowe LLP (auditors) completed its annual audit of OCTA's financial statements and results were presented to the Board of Directors on December 13, 2021, along with the auditor's report on internal control over financial reporting.

In addition to the financial statement audits, Crowe LLP is engaged to perform audits related to the following:

- Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations,
- OCTA's Treasury and Investment function,
- Renewed Measure M2 Transportation Investment Plan,
- Special District and Transit District Reporting Requirements, as specified by the California State Controller, and
- Section 1.5 of Article XIII B of the California Constitution, with procedures specified by the League of California Cities in Article XIII B Appropriations Limitation Uniform Guidelines.

The audits were performed under current accounting and auditing standards, including generally accepted auditing standards, and the standards set forth for audits in the Government Accountability Office's Government Auditing Standards (as amended).

### ***Discussion***

The following reports included findings and recommendations.

The Single Audit Report on Federal Awards was audited as required by the United States Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and an unmodified opinion was issued. The auditors identified two findings related to deficiencies in internal control. One finding related to the identification of errors in expense accruals that were not previously corrected. Management had inadvertently over-accrued two invoices in the prior year for the same transaction. Conversely, management also identified utility construction costs that had been incurred in prior years, but not accrued because invoices had not been submitted timely. Management elected to correct the prior year accruals in the current year. The auditors recommended management improve project managers' understanding of the accrual process, including the analysis for utility construction costs. Management agreed and proposed improvements to address these concerns. The second finding related to preparation of the Schedule of Expenditures of Federal Awards (SEFA). The auditors found, during audit of the reconciliation between the SEFA and OCTA's financial statements, that management had underreported expenditures on the SEFA related to the Federal Transit Cluster. A recommendation was made to strengthen the review process over the SEFA, and management agreed and proposed an in-depth review of the SEFA with the Revenue Department to ensure all expenditures that are reported agree with the general ledger.

Results of procedures applied to the National Transit Database report identified some discrepancies in reporting of Passenger Miles Traveled (PMT) and Vehicle Revenue Miles (VRM) in some samples tested. Documentation supporting PMT reported for the Demand Response - Purchased Transportation mode could not be located for nine of 48 data elements tested, and minor variances were identified in another five data elements tested. Management responded that staff would initiate a monthly audit of data reported against source documents going forward. For VRM data, auditors reported that vanpool software used to collect and report data had been set to track odometer miles, rather than VRM. The auditors noted that staff had identified, and subsequently corrected, the error. Management responded that staff would continue its monthly monitoring and validation of data reported to ensure accuracy.

No additional findings or recommendations were made related to the agreed-upon procedures reports attached herewith.

***Summary***

Crowe LLP has completed the required Single Audit Report of OCTA for the year ended June 30, 2021, and the results of agreed-upon procedures applied to determine compliance with certain state, federal, and local requirements.

***Attachments***

- A. Orange County Transportation Authority Single Audit Year ended June 30, 2021
- B. Orange County Transportation Authority Agreed-Upon Procedures Performed with Respect to the National Transit Database Report June 30, 2021
- C. Orange County Transportation Authority Independent Accountant's Report on Applying Agreed-Upon Procedures with Respect to the Treasury Department Year ended June 30, 2021
- D. Independent Accountant's Report on Applying Agreed-Upon Procedures
- E. Orange County Transportation Authority Independent Accountant's Report on Applying Agreed Upon Procedures Related to Article XIII-B Appropriations Limit Calculation For the fiscal year ended June 30, 2021

- F. Orange County Local Transportation Authority Independent Accountant's Report on Applying Agreed Upon Procedures Related to Article XIII-B Appropriations Limit Calculation For the fiscal year ended June 30, 2021

**Approved by:**



Janet Sutter  
Executive Director, Internal Audit  
714-560-5591

**ORANGE COUNTY  
TRANSPORTATION AUTHORITY**

**SINGLE AUDIT**  
Year ended June 30, 2021

ORANGE COUNTY TRANSPORTATION AUTHORITY  
Orange, California

SINGLE AUDIT  
Year ended June 30, 2021

CONTENTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	1
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE .....	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	5
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	6
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	7

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Orange County Transportation Authority  
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Orange County Transportation Authority (OCTA), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise OCTA's basic financial statements, and have issued our report thereon dated November 22, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered OCTA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OCTA's internal control. Accordingly, we do not express an opinion on the effectiveness of OCTA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

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(Continued)

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether OCTA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the applicable provisions of the State of California Transportation Development Act (TDA), Title 21 of the California Code of Regulations, Public Utilities Code Section 99245, and California Government Code §8879.50 (collectively "Transportation Development Act"), noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including the Transportation Development Act.

## **OCTA's Response to Findings**

OCTA's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. OCTA's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Costa Mesa, California  
November 22, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Orange County Transportation Authority  
Orange, California

**Report on Compliance for Each Major Federal Program**

We have audited Orange County Transportation Authority (OCTA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of OCTA's major federal programs for the year ended June 30, 2021. OCTA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of OCTA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about OCTA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of OCTA's compliance.

***Opinion on Each Major Federal Program***

In our opinion, OCTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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(Continued)

## Report on Internal Control over Compliance

Management of OCTA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered OCTA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of OCTA's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of OCTA as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise OCTA's basic financial statements. We issued our report thereon dated November 22, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Crowe LLP

Costa Mesa, California  
December 21, 2021

ORANGE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Grant/Pass-Through Identification Number	Federal Expenditures	Passed Through to Subrecipients
<b><u>U.S. Department of Transportation</u></b>				
Direct Programs:				
Federal Transit Cluster:				
Federal Transit - Capital Improvement Grants	20.500	Multiple	\$ 37,619,256	\$ -
Federal Transit - Formula Grants	20.507	Multiple	72,469,947	-
COVID-19 - Federal Transit - Formula Grants	20.507	CA-2020-146	104,130,784	-
State of Good Repair Program	20.525	Multiple	1,638,466	-
Bus and Bus Facilities Formula Program	20.526	Multiple	8,017,438	-
Total Federal Transit Cluster			223,875,891	-
Transit Services Programs Cluster:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	CA-2020-270	2,255,173	-
Job Access and Reverse Commute Program	20.516	CA-37-X113	305,791	64,344
Total Transit Services Programs Cluster			2,560,964	64,344
Passed Through California Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	Multiple	12,024,821	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research				
	20.505	RGA 74A1147	136,983	-
Total U.S. Department of Transportation			238,598,659	64,344
<b><u>U.S. Department of Homeland Security</u></b>				
Direct Programs:				
Hazard Mitigation Grant Program				
	97.039	059-91032	37,230	-
Office of Security Operations:				
National Explosives Detection Canine Team Program				
	97.072	OCTA2020OTA_NCP459	140,742	-
Passed Through State of California Office of Emergency Services:				
Rail and Transit Security Grant Program (TSGP)				
	97.075	EMW2017RA00028	10,066	-
Total U.S. Department of Homeland Security			188,038	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 238,786,697</b>	<b>\$ 64,344</b>

See accompanying notes to the schedule of expenditures of federal awards.

ORANGE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2021

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents only the expenditures incurred by OCTA that are reimbursable under federal programs of federal financial assistance for the year ended June 30, 2021. For the purposes of this schedule, federal financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by OCTA from a non-federal agency or other organization. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. OCTA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 2 – TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT (TIFIA) PROGRAM LOAN**

In July 2017, OCTA executed a TIFIA loan agreement with the United States Department of Transportation in an amount not to exceed \$628,930,000 to finance a portion of OCTA's I-405 improvement project. There were no TIFIA draws during the fiscal year ended June 30, 2021. As of June 30, 2021, \$287,000,000 was drawn on the TIFIA Loan and the amount outstanding including interest under the TIFIA loan was \$312,329,031.

**NOTE 3 – PRIOR YEAR EXPENDITURES**

With the release of Government Accounting Standards Board (GASB) Implementation Guide No. 2019-1, *Implementation Guidance Update – 2019*, management changed their method of accounting for recognition of non-exchange revenue. Expenditure-driven grant provisions are determined to be a stipulation that is considered to be an eligibility requirement and as such, revenue cannot be recognized until the agreement has been executed. As a result, \$36,179,946 of federal grants that were previously reported on the schedule of expenditure of federal awards for the year ending June 30, 2020 are included again on the schedule of expenditure of federal awards for the year ending June 30, 2021 since the corresponding grant revenue is now being recognized as federal revenue in fiscal year 2020-21 under the newly adopted accounting principle. These grants are included within the 20.507 Assistance Listing Number (ALN) and the 20.525 ALN. The \$36,179,946 of expenditures were incurred in fiscal year 2019-20.

ORANGE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2021

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified?

  X   Yes    \_\_\_\_\_ None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

*Federal Awards*

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiencies identified not considered to be material weaknesses?

\_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ Yes      X   No

Identification of major federal programs:

Assistance Listing Numbers

20.500 / 20.507 / 20.525 / 20.526  
20.205

Federal Transit Cluster  
Highway Planning and Construction  
Cluster

Dollar threshold used to distinguish between type A and type B programs:

  \$ 3,000,000  

Auditee qualified as low-risk auditee?

  X   Yes    \_\_\_\_\_ No

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(Continued)

ORANGE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2021

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**SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS, WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**Finding 2021-001 – Financial Accounting and Reporting for Expense Accruals (Significant Deficiency)**

Criteria

Generally accepted accounting principles require entities to record liabilities and related expenses that result from exchange transactions when goods or services have been received in exchange for a promise to compensate the vendor or service provider. In addition, management should have internal controls to ensure that such liabilities and expenses are fairly stated.

Condition

During the fiscal year, management identified prior year errors in expense accruals related to the Local Transportation Authority (LTA) fund that were not previously corrected. Management inadvertently over accrued two invoices in the prior year for the same transaction. Conversely, management also identified utility construction costs that had been incurred in prior years but had not accrued because invoices had not been timely remitted by the utility companies. As a result of the delay in the receipt of the utility invoices, management estimated an amount to be accrued for utility costs for work performed in prior years. In addition, management updated their estimate for an amount to be accrued for the utility costs for work performed in the current year. The net impact of these transactions was under accruals of expense in the prior year for the LTA fund and governmental activities in the amounts of \$14,433,346 and \$22,249,243, respectively. Management elected to correct the prior year accruals in the current year.

Cause

Expense over accruals were caused by lack of controls surrounding the booking of estimates as project managers did not make accounting aware that actual invoices were subsequently posted related to items that were previously estimated. For the missed utility expense under accruals, management did not have internal controls in place to estimate the utility costs incurred relative to the progress of the utility construction projects given the delay between when the work is actually performed and the time the utility companies invoice OCTA for such costs.

Effect

The net impact of these transactions was under accruals of expenses in the prior year for the LTA fund and governmental activities in the amounts of \$14,433,346 and \$22,249,243, respectively.

Recommendation

We recommend that management improve Project Managers' understanding of the accrual process and importance of notifying Accounting of the posting of invoices that are related to those already accrued for by management. We also recommend additional layers of review to accrual journal entries including recurring review of the entries for actual invoices up until the financial statements are issued. The review should include comparing all manually accrued invoices/estimates to the vouchers and retainage payable accounts to ensure there are no duplications. For the utility construction costs, Crowe recommends that management review their utility accrual analysis for all construction projects annually for completeness and accuracy, and adjust accordingly.

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(Continued)

ORANGE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2021

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Management's Response

Management agrees and has implemented a control to review all AP accounts specifically looking for duplications between the manual accrual account and the voucher and retainage payable accounts. In addition, the Accounting department will provide training on a yearly basis to all staff involved in the expense accruals process to ensure expense accruals are submitted in compliance with all rules and requirements. The Accounting department will work with Project Managers on the utility accrual analysis on a yearly basis prior to the closing of the fiscal year.

**Finding 2021-002 – Preparation of the Schedule of Expenditures of Federal Awards (Significant Deficiency)**

Criteria

2 CFR 200.510 (b) requires "...the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the financial statements which must include the total federal awards expended. At a minimum, the schedule must .... provide total federal awards expended for each individual federal program and the [related] Assistance Listings Number." In addition, the auditee should ensure they have proper internal controls to ensure that the SEFA is fairly stated in relation to the financial statements.

Condition

During our review of the SEFA reconciliation to the OCTA financial statements, management underreported expenditures on the SEFA in the amount of \$18.6M, related to the Federal Transit Cluster. Management inadvertently did not include an adjustment made to the general ledger on the SEFA which resulted in the amount underreported. Crowe proposed and management reflected an \$18.6 million adjustment to increase the expenditures on the SEFA.

Cause

Management's review of the SEFA reconciliation did not properly resolve an \$18.6 million reconciling item between the federal grant expenditures reported on the SEFA and federal grant revenues recorded in the general ledger.

Effect

As a result, the expenditures on the SEFA for the Federal Transit Cluster were understated by \$18.6 million.

Recommendation

We recommend that management strengthen their review process over the SEFA to ensure that all expenditures are appropriately reflected and reconcile to the general ledger, which should include a detailed review and approval of any reconciling items.

Management's Response

Management agrees with the recommendation. An in-depth review of the SEFA schedule will be completed by the Accounting department in coordination with the Revenue department to ensure all expenditures are appropriately reflected in the schedule. This review will include a reconciliation of all expenditures reported on the SEFA schedule to the general ledger. Any differences will be resolved before the SEFA schedule is finalized.

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**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**AGREED-UPON PROCEDURES PERFORMED**  
**WITH RESPECT TO THE NATIONAL TRANSIT DATABASE REPORT**  
June 30, 2021



INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES

Board of Directors  
Orange County Transportation Authority  
Orange, California

The Federal Transit Administration (FTA) has established the following standards with regard to the data reported to it in the Federal Funding Allocation Statistics Form FFA-10 (FFA-10) for the Orange County Transportation Authority (OCTA) annual National Transit Database (NTD) report:

1. A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.
2. A system is in place to record data on a continuing basis and the data gathering is an ongoing effort.
3. Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD report. The data are fully documented and securely stored.
4. A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
5. The data collection methods are those suggested by FTA or otherwise meet FTA requirements.
6. The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles data, appear to be accurate.
7. Data are consistent with prior reporting periods and other facts known about OCTA's operations.

We have performed the procedures included in the declarations section of the *2021 NTD Policy Manual* and described in Attachment 1 of this report for the year ended June 30, 2021 solely to assist you in evaluating whether OCTA complied with the standards described above and that the information included in the NTD report FFA-10 form for the year ended June 30, 2021, is presented in conformity with the requirements of the *Uniform System of Accounts and Records and Reporting System; Final Rule*, as specified in 49 CFR part 630, *Federal Register*, January 15, 1993 and as presented in the *2021 NTD Policy Manual*. OCTA's management is responsible for OCTA's compliance with those standards and the accuracy of the FFA-10 form.

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(Continued)

OCTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose described above. This report may not be suitable for any other purpose. The procedures performed may not address all 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. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and findings described in Attachment 1 of this report, which are referenced in order to correspond to the *2021 NTD Policy Manual* procedures, were applied separately to each of the information systems used to develop the reported vehicle revenue miles (VRM), passenger miles (PM), fixed guideway directional route miles (FG DRM), High Intensity Bus Lanes directional route miles (HIB DRM), and operating expenses of OCTA for the year ended June 30, 2021, and for each of the following modes: (1) Motor Bus – Directly Operated (MBDO), (2) Commuter Bus - Directly Operated (CBDO), (3) Motor Bus - Purchased Transportation (MBPT), (4) Commuter Bus - Purchased Transportation (CBPT), (5) Demand Response - Purchased Transportation (DRPT), (6) Demand Response - Purchased Transportation – Taxi (DRTX) and (7) Vanpool Service - Purchased Transportation (VPPT).

We were engaged by OCTA 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 compliance with the requirements of the *Uniform System of Accounts and Records and Reporting System; Final Rule*, as specified in 49 CFR part 630, *Federal Register*, January 15, 1993 and as presented in the *2021 NTD Policy Manual* or on the FFA-10. 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 OCTA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCTA, Management's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described below. Accordingly, we did not perform any procedures on Management's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of OCTA management, OCTA Board of Directors and the FTA and is not intended to be and should not be used by anyone other than these specified parties.



Crowe LLP

Costa Mesa, California  
November 19, 2021

## ATTACHMENT 1

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- a. The procedures to be applied to each applicable mode and type of service (TOS) (DO, PT, TN, and TX) are: Obtain and read a copy of written system procedures for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2021 *NTD Policy Manual*. If there are no procedures available, discuss the procedures with the personnel assigned responsibility for supervising the NTD data preparation and maintenance.

**Finding:** We obtained and read a copy of OCTA's written instructions for Passenger Counting and Reporting (PCR) schedule generation. It was also noted that OCTA created and implemented an internal, centralized data collection dashboard, to serve as their new system for consolidating all required data for NTD reporting, as well as document internal controls. Furthermore, based on inquiry surrounding collection, retention and reporting of NTD data, we noted that OCTA maintains and followed sets of both formal and informal procedures, in accordance with NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2021 *NTD Policy Manual*. No exceptions were noted as a result of this procedure.

- b. Discuss the procedures (written or informal) with the personnel assigned responsibility for supervising the preparation and maintenance of NTD data to determine:
- The extent to which the transit agency followed the procedures on a continuous basis; and
  - Whether these transit personnel believe such procedures result in accumulation and reporting of data consistent with NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2021 *NTD Policy Manual*.

**Finding:** We inquired regarding OCTA's procedures for the MBDO, CBDO, MBPT, CBPT, DRPT, DRTX, and VPPT services, and were informed that there were both formal and informal procedures followed on a consistent and continual basis. In addition, based on our inquiry with the Business Unit Analyst of the Transit Division and the Section Manager of the Vanpool Program, management asserted that the procedures resulted in the accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2021 *NTD Policy Manual*. No exceptions were noted as a result of this procedure.

- c. Ask these same personnel about the retention policy that the transit agency follows as to source documents supporting NTD data reported on the Federal Funding Allocation Statistics form.

**Finding:** We inquired with the Business Unit Analyst of the Transit Division and Section Manager of the Vanpool Program regarding OCTA's retention policy for source documents supporting NTD data reported on the Federal Funding Allocation Statistics form. Per inquiry, the current practice is to retain electronic data for seven years. No exceptions were noted as a result of this procedure.

- d. Based on a description of the transit agency's procedures from items (A) and (B) above, identify all the source documents that the transit agency must retain for a minimum of three years. For each type of source document, select three months out of the year and determine whether the document exists for each of these periods.

**Finding:** We inspected the following source documents for each type of service, selected three months out of the year and determined that the documents existed for each of these periods, which are further described in the table below. This procedure was not applicable to the CBDO and CBPT modes, since they were in non-operational status for the entire reporting period.

**ATTACHMENT 1**

<b>Type of Service</b>	<b>Source Document</b>	<b>Months Inspected</b>
MBDO	<ul style="list-style-type: none"> <li>• Scheduled Daily Line Summaries</li> <li>• Automatic Passenger Counting (APC) Summaries &amp; underlying detail</li> </ul>	<ul style="list-style-type: none"> <li>• <i>August 2020</i></li> <li>• <i>December 2020</i></li> <li>• <i>February 2021</i></li> <li>• Three years of data were noted to be archived on OCTA's network, with the exception of APC data, as the technology was implemented during March of 2020; as such, archived data was noted starting with March 2020.</li> </ul>
CBDO	<ul style="list-style-type: none"> <li>• In response to the decreased ridership, resulting from the COVID-19 pandemic, OCTA put this modes' public transportation services into temporary non-operational status. As such, there was no source documentation for us to observe and this procedure was deemed not applicable to the current year.</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable as described in commentary to the left.</li> </ul>
MBPT	<ul style="list-style-type: none"> <li>• Scheduled Daily Line Summaries</li> <li>• Automatic Passenger Counting (APC) Summaries</li> </ul>	<ul style="list-style-type: none"> <li>• <i>August 2020</i></li> <li>• <i>December 2020</i></li> <li>• <i>February 2021</i></li> <li>• Three years of data were noted to be archived on OCTA's network, with the exception of APC data, as the technology was implemented during March of 2020; as such, archived data was noted starting with March 2020.</li> </ul>
CBPT	<ul style="list-style-type: none"> <li>• In response to the decreased ridership, resulting from the COVID-19 pandemic, OCTA put this modes' public transportation services into temporary non-operational status. As such, there was no source documentation for us to observe and this procedure was deemed not applicable to the current year.</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable as described in commentary to the left.</li> </ul>

(Continued)

**ATTACHMENT 1**

Type of Service	Source Document	Months Inspected
DRPT	<ul style="list-style-type: none"> <li>• Contractor Provided NTD Program Data Reports</li> <li>• Driver Manifests</li> <li>• ACCESS - Passenger and Mileage Summaries</li> </ul>	<ul style="list-style-type: none"> <li>• <i>August 2020</i></li> <li>• <i>December 2020</i></li> <li>• <i>February 2021</i></li> <li>• Three years of data were noted to be archived on OCTA's network.</li> </ul>
DRTX	<ul style="list-style-type: none"> <li>• Contractor Provided NTD Program Data Reports</li> <li>• Same Day Taxi - Passenger and Mileage Summaries</li> <li>• Supplemental ACCESS Program Data</li> </ul>	<ul style="list-style-type: none"> <li>• <i>August 2020</i></li> <li>• <i>December 2020</i></li> <li>• <i>February 2021</i></li> <li>• This Mode of Service classification was released by the FTA in the 2020 NTD Policy Manual. We noted OCTA possessed archived data commencing with the 2020 reporting year, through the current year.</li> </ul>
VPPT	<ul style="list-style-type: none"> <li>• Monthly Ridership Reports</li> <li>• Passenger Trips and Miles</li> <li>• Revenue Miles Summaries</li> <li>• VPID Ridership Detail Data</li> </ul>	<ul style="list-style-type: none"> <li>• <i>August 2020</i></li> <li>• <i>December 2020</i></li> <li>• <i>February 2021</i></li> <li>• OCTA upgraded its ridership collection software for this Mode of Service upgraded in the current period, thus archived data was noted starting with the current period.</li> </ul>

- e. Discuss the system of internal controls. Inquire whether separate individuals (independent of the individuals preparing source documents and posting data summaries) review the source documents and data summaries for completeness, accuracy, and reasonableness and how often these individuals perform such reviews.

**Finding:** We inquired regarding the system of internal controls, noting that each respective mode/type of service is being reviewed by personnel independent of the preparation process. It was noted that review is performed on a monthly basis and again at year-end for the MBDO, CBDO, MBPT, CBPT, DRPT, DRTX and VPPT modes. No exceptions were noted as a result of this procedure.

- f. Select a random sample of the source documents and determine whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquire how personnel document supervisors' reviews.

**Finding:** We selected a sample of 48 random Drivers Manifests for the DRPT service, and 9 Invoices for DRTX services, noting supervisory signatures documenting reviews of the data presented in the various services, without exception. For VPPT, we sampled 3 months of vendor invoices, for which we noted the existence of supervisory electronic signatures. For MBDO and MBPT, we noted the existence of both formal and informal processes for ensuring proper review of source documentation. For CBDO and CBPT, this procedure was deemed not applicable since the modes were in non-operational status for the entire reporting year.

- g. Obtain the worksheets used to prepare the final data that the transit agency transcribes onto the Federal Funding Allocation Statistics form. Compare the periodic data included on the worksheets to the periodic summaries prepared by the transit agency. Test the arithmetical accuracy of the summaries.

**Finding:** We obtained the worksheets utilized by OCTA to transcribe statistics to the Federal Funding Allocation Statistics (FFA-10) form and compared the data to summaries without exception. We recomputed the arithmetical accuracy of the summaries without exception.

- h. Discuss the procedure for accumulating and recording Passenger Miles Traveled (PMT) data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the 2021 *NTD Policy Manual*.

**Finding:** OCTA utilizes Automatic Passenger Counting (APC) software to collect the necessary information for annual reporting of PMT data for MBDO, MBPT, CBDO, and CBPT. OCTA has documented approval for use of APC software for these modes, which we obtained. Furthermore, the use of APC as the method for accumulating and reporting PMT data, is in accordance with the requirements of the 2021 *NTD Policy Manual*.

The remaining three modes of services (DRPT, DRTX, and VPPT) do not involve the use of APC software, nor sampling to estimate PMT. These modes use a 100% count of actual Passenger Miles and compilations of actual Revenue Miles, which are in accordance with the 2021 *NTD Policy Manual*. No exceptions were noted as a result of this procedure.

- i. Discuss with transit agency staff (the auditor may wish to list the titles of the persons interviewed) the transit agency's eligibility to conduct statistical sampling for PMT data every third year. Determine whether the transit agency meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. Specifically:

- According to the 2010 Census, the public transit agency serves an UZA with a population less than 500,000.
- The public transit agency directly operates fewer than 100 revenue VOMS (in any size UZA).
- Service purchased from a seller is included in the transit agency's NTD report.
- For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2017) and determine that statistical sampling was conducted and meets the 95 percent confidence and  $\pm 10$  percent precision requirements.
- Determine how the transit agency estimated annual PMT for the current report year.

**Finding:** Not applicable - OCTA did not meet the specific requirements per the criteria above. Therefore, the procedure identified above is not applicable.

- j. Obtain a description of the sampling procedure for estimation of PMT data used by the transit agency. Obtain a copy of the transit agency's working papers or methodology used to select the actual sample of runs for recording PMT data. If the transit agency used average trip length, determine that the universe of runs was the sampling frame. Determine that the methodology used to select specific runs from the universe resulted in a random selection of runs. If the transit agency missed a selected sample run, determine that a replacement sample run was random. Determine that the transit agency followed the stated sampling procedure.

**Finding:** For MBDO, CBDO, MBPT, and CBPT, the transit agency uses Automatic Passenger Counter (APC) software to systematically collect and report 100% of PMT, thus no sampling is involved. For DRPT, DRTX, and VPPT, the transit agency counts 100% of PMT, and thus there is no sampling involved. We obtained a copy of OCTA's methodologies used to PMT, and we determined that the actual procedures used by OCTA were consistent with their adopted methodologies. No exceptions were noted as a result of this procedure, as we noted the applied sampling methodologies were in accordance with the authoritative guidance of the FTA.

- k. Select a random sample of the source documents for accumulating PMT data and determine that the data are complete (all required data are recorded) and that the computations are accurate. Select a random sample of the accumulation periods and re-compute the accumulations for each of the selected periods. List the accumulations periods that were tested. Test the arithmetical accuracy of the summary.

**Finding:** For MBDO, we selected all 12 months of APC data. We recomputed the mathematical accuracy of PMT for those months and observed that all required data was recorded in the accumulation worksheet designed to perform the PMT calculation. No exceptions were found as a result of this procedure.

For CBDO, this procedure is not applicable, since the modes' services are temporarily suspended. For MBPT, we selected all 12 months of APC data. We recomputed the mathematical accuracy of PMT for those months and observed that all required data was recorded in the accumulation worksheet designed to perform the PMT calculation. No exceptions were found as a result of this procedure.

For CBPT, this procedure is not applicable, since the modes' services are temporarily suspended.

For DRPT, we selected 48 routes performed during August 2020, December 2020 and February 2021 and compared the PMT reported against the signed driver manifests. We recomputed the mathematical accuracy of the trip sheets and observed all required data was recorded in the accumulation worksheet designed to perform the PMT calculation. We identified a variance in PMT for 14 of the 48 routes sampled, resulting in a net variance of 838 miles. For 9 of the samples, support was unable to be provided. No other exceptions were found as a result of this procedure. Attached within Exhibit 1 is Management's response to the finding described above.

For DRTX, we randomly selected 3 of the 12 months of vendor provided PMT data. We recomputed the mathematical accuracy of PMT for those months and observed that all required data was recorded in the accumulation worksheet designed to perform the PMT calculation. No exceptions were found as a result of this procedure.

For VPPT, we compared monthly ridership recorded for the entire year. We ensured the mathematical accuracy of PMT for each of those months and observed that all required data was recorded in the accumulation worksheet designed to perform the PMT calculation. No exceptions were found as a result of this procedure.

- i. Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual VRM with transit agency staff and determine that they follow the stated procedures. Select a random sample of the source documents used to record charter and school bus mileage and test the arithmetical accuracy of the computations.

**Finding:** The procedure identified above is not applicable. Per inquiry with various key-personnel assigned responsibility for NTD reporting, OCTA did not provide charter or school bus services.

## ATTACHMENT 1

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m. For actual VRM data, document the collection and recording methodology and determine that deadhead miles are systematically excluded from the computation. This is accomplished as follows:

- If actual VRMs are calculated from schedules, document the procedures used to subtract missed trips. Select a random sample of the days that service is operated, and re-compute the daily total of missed trips and missed VRMs. Test the arithmetical accuracy of the summary.

**Finding:** For the MBDO, MBPT, CBDO, and CBPT modes, missed trips are calculated as the difference between schedule vehicle mileage, minus the actual mileage recorded by the on-board APC software. These missed trips are automatically deducted from the scheduled vehicle miles to arrive at actual vehicle revenue miles. We compared the AVRMs data recorded by the APC data, to that recorded by OCTA and reported to NTD for the entire year, noting no discrepancies.

- If actual VRMs are calculated from hubodometers, document the procedures used to calculate and subtract deadhead mileage. Select a random sample of the hubodometer readings and determine that the stated procedures for hubodometer deadhead mileage adjustments are applied as prescribed. Test the arithmetical accuracy of the summary of intermediate accumulations.

**Finding:** For the VPPT mode, deadhead miles are automatically excluded because only commuter miles are factored into the calculation of Revenue Mileage and the results are reviewed by the Section Manager of the Vanpool Program. Upon inspection of the underlying source documentation for actual VRMs, it was noted that the Vanpool software used to collect, maintain, and report VRM was using total odometer miles in the report, as opposed to VRM. This resulted in a net variance of 75,753 miles which was subsequently corrected by Vanpool staff, and thus no error is noted in the amount of VRM recorded for the current reporting period. Attached within Exhibit 1 is Management's response to the finding described above.

- If actual VRMs are calculated from vehicle logs, select random samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA definitions.

**Finding:** For the DRPT mode, Revenue Miles are calculated based on the odometer readings from the first pickup to the last drop off. There are no deadhead miles included in the Revenue Miles calculations due to the nature of the service being comprised of non-dedicated trips. No exceptions were noted as a result of this procedure.

For the DRTX mode, Revenue Miles are calculated by the contractors based on pick up and drop off data entered into the scheduling software. Revenue Miles data is uploaded to the OCTA database and compared to the scheduling data for quality assurance. There are no deadhead miles since these are non-dedicated taxi trips, and accordingly, Revenue Miles for each trip are recorded. No exceptions were noted as a result of this procedure.

n. For rail modes, review the recording and accumulation sheets for actual VRMs and determine that locomotive miles are not included in the computation.

**Finding:** The procedure identified above is not applicable as OCTA does not provide rail service.



## ATTACHMENT 1

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o. If Fixed Guideway (FG) or High Intensity Busway Directional Route Miles (HIB DRM) are reported, interview the person responsible for maintaining and reporting NTD data whether the operations meet FTA definition of FG or HIB in that the service is:

- Rail, Trolleybus (TB), Ferryboat (FB), or Aerial Tramway (TR); or
- Bus (MB, CB, or RB) service operating over exclusive or controlled access rights-of-way (ROW); and
  - i. Access is restricted;
  - ii. Legitimate need for restricted access is demonstrated by peak period level of service D or worse on a parallel adjacent highway; and
  - iii. Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (HOV) (i.e., Vanpools (VP), carpools) must demonstrate safe operation.

**Finding:** We interviewed the Business Unit Analyst of the Transit Division and determined that OCTA's Motor and Commuter Bus services operate over HIB lanes that appear consistent with the FTA's definition of HIB lanes. No exceptions were noted as a result of this procedure.

p. Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine that he or she computed mileage in accordance with FTA definitions of FG/HIB and DRM. Inquire of any service changes during the year that resulted in an increase or decrease in DRMs. If a service change resulted in a change in overall DRMs, re-compute the average monthly DRMs, and reconcile the total to the FG/HIB DRM reported on the Federal Funding Allocation Statistics form.

**Finding:** Per inquiry, we determined that the mileage was computed in accordance with the FTA definitions of FG/HIB DRM. We were informed that there were no increases or decreases in DRMs during the year. No exceptions were noted as a result of this procedure.

q. Inquire if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to a FG segment(s), the following apply:

- Report DRMs for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the FG/HIB segments form as 12. The transit agency should document the interruption.
- If the improvements cause a service interruption on the FG/HIB DRMs lasting more than 12 months, the transit agency should contact its NTD validation analyst to discuss. FTA will make a determination on how to report the DRMs.

**Finding:** Per inquiry with the Business Unit Analyst of the Transit Division, there were no temporary interruptions in transit service during the report year attributable to maintenance or rehabilitation improvements to the Fixed Guideway segments. No exceptions were noted as a result of this procedure.

r. Measure FG/HIB DRM from maps or by retracing route.

**Finding:** We recalculated the length of all HIB directional routes for the MBDO mode of service, using publicly available maps without exception. The MBPT mode does not operate over HIB lanes. We did not perform this procedure for the CBDO and CBPT modes, since there were no FG/HIB DRM reported into the current year, due to the modes residing in non-operational status for the entire year. No exceptions were noted as a result of this procedure.

## ATTACHMENT 1

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- s. Discuss whether other public transit agencies operate service over the same FG/HIB as the transit agency. If yes, determine that the transit agency coordinated with the other transit agency (or agencies) such that the DRMs for the segment of FG/HIB are reported only once to the NTD on the Federal Funding Allocation form. Each transit agency should report the actual VRM, PMT, and Operating Expense (OE) for the service operated over the same FG/HIB.

**Finding:** We interviewed the Business Unit Analyst of the Transit Division and noted that OCTA does share High Intensity Lanes. However, the shared High Intensity Lanes were noted as claimed by the proper agency per the NTD annual reporting manual, and not by OCTA. No exceptions were noted as a result of this procedure.

- t. Review the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2021 report year with the persons reporting NTD data. This is the commencement date of revenue service for each FG/HIB segment. Determine that the date reported is the date that the agency began revenue service. This may be later than the Original Date of Revenue Service if the transit agency is not the original operator. If a segment was added for the 2021 report year, the Agency Revenue Service Date must occur within the transit agency's 2021 fiscal year. Segments are grouped by like characteristics. Note that for apportionment purposes, under the State of Good Repair (§5337) and Bus and Bus Facilities (§5339) programs, the 7-year age requirement for fixed guideway/High Intensity Busway segments is based on the report year when the segment is first reported by any NTD transit agency. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, FTA will only consider segments continuously reported to the NTD.

**Finding:** We obtained the HIB segments form noting the High Intensity segments and dates. It was noted that OCTA added no new segments during the year, as evidenced in the HIB segments form and per inquiry with the Section Manager of Accounting & Financial Reporting. No exceptions were noted as a result of this procedure.

- u. Compare Operating Expenses with audited financial data after reconciling items are removed.

**Finding:** Operating expenses were compared to the trial balances subject to audit without exception.

- v. If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of purchased transportation-generated fare revenues. The purchased transportation fare revenues should equal the amount reported on the Contractual Relationship form.

**Finding:** Per inquiry and inspection, we determined that the transit agency purchased transportation services. We then identified the PT fare revenues reported on the Contractual Relationship forms and agreed the amounts to the general ledger without exception.

- w. If the transit agency's report contains data for purchased transportation services and the procedures in this auditor's review were not applied to the purchased transportation services, obtain a copy of the IAS-FFA regarding data for the purchased transportation service. Attach a copy of the statement to the report. Note as a negative finding if the purchased transportation services were not included in this auditor's review, and the transit agency also does not have a separate Independent Auditor's Statement for the purchased transportation data.

**Finding:** The data for purchased transportation are included in the reporting by OCTA, and therefore, no IAS for the purchased transportation services is included. No exceptions were noted as a result of this procedure.

## ATTACHMENT 1

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- x. If the transit agency purchases transportation services, obtain a copy of the purchased transportation contract and determine that the contract specifies the public transportation services to be provided; the monetary consideration obligated by the transit agency or governmental unit contracting for the service; the period covered by the contract (and that this period overlaps the entire, or a portion of, the period covered by the transit agency's NTD report); and is signed by representatives of both parties to the contract. Interview the person responsible for retention of the executed contract and determine that copies of the contracts are retained for three years.

**Finding:** We inspected the MBPT, CBPT, DRPT, DRTX and VPPT service contracts and determined that they contained the items noted above without exception. We inquired with the Business Unit Analyst of the Transit Division and Section Manager of the Vanpool Program, regarding OCTA's retention policy for executed contracts for purchased transportation programs. Per inquiry, the current retention practice meets NTD requirements of a minimum of three years. No exceptions were noted as a result of this procedure.

- y. If the transit agency provides service in more than one UZA, or between an UZA and a non-UZA, inquire of the procedures for allocation of statistics between UZAs and non-UZAs. Obtain and review the FG segment worksheets, route maps, and urbanized area boundaries used for allocating the statistics, and determine that the stated procedure is followed and that the computations are correct.

**Finding:** Per inquiry, OCTA provides services in more than one UZA but does not provide services to non-urbanized areas. Allocations to urbanized areas are based on trip pattern analysis. The number of yearly trips per pattern is multiplied by the number of miles determined for each UZA. We recalculated 5 UZA allocations for mathematical accuracy for the MBDO and MBPT services, with no exceptions noted. We did not perform this procedure for the CBDO and CBPT modes, due to the modes residing in non-operational status for the entire year. No exceptions were noted as a result of this procedure.

- z. Compare the data reported on the Federal Funding Allocation Statistics Form to data from the prior report year and calculate the percentage change from the prior year to the current year. For actual VRM, PMT or OE data that have increased or decreased by more than 10 percent, or FG DRM data that have increased or decreased. Interview transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

**Finding:** The following fluctuations were noted on the FFA-10 Form:

**MBDO:**

- A 13.4% decrease in Vehicle Revenue Miles (VRM). Per inquiry, this change resulted from reduced service on one of OCTA's freeway carpool routes this mode operates over. In addition to the reduced the frequency of scheduled trips over this route, in response to the COVID-19 pandemic, OCTA also shortened various other motor bus routes throughout their service line.
- A 13.1% decrease in Vehicle Revenue Hours (VRH). Per inquiry, this change resulted from reduced service on one of OCTA's freeway carpool routes this mode operates over. In addition to the reduced the frequency of scheduled trips over this route, in response to the COVID-19 pandemic, OCTA also shortened various other motor bus routes throughout their service line.
- A 14.1% decrease in Passenger Miles Traveled (PMT). Per inquiry, this change resulted from reduced service on one of OCTA's freeway carpool routes this mode operates over. In addition to the reduced the frequency of scheduled trips over this route, in response to the COVID-19 pandemic, OCTA also shortened various other motor bus routes throughout their service line.
- A 31.4% decrease in Unlinked Passenger Trips (UPT). Per inquiry, this change resulted from reduced service on one of OCTA's freeway carpool routes this mode operates over. In addition to the reduced the frequency of scheduled trips over this route, in response to the COVID-19 pandemic, OCTA also shortened various other motor bus routes throughout their service line.

## ATTACHMENT 1

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- A 52.2% decrease in High Intensity Busway Vehicle Revenue Miles (HIB VRM). Per inquiry, this change resulted from reduced service on one of OCTA's freeway carpool routes this mode operates over. In addition to the reduced frequency of scheduled trips over this route, in response to the COVID-19 pandemic, OCTA also shortened various other motor bus routes throughout their service line.

### **CBDO:**

- A 100% decrease in Vehicle Revenue Miles (VRM), Vehicle Revenue Hours (VRH), Passenger Miles Traveled (PMT), Unlinked Passenger Trips (UPT), Operating Expenses (OE), and High Intensity Busway Vehicle Revenue Miles (HIB VRM). Per inquiry, this change resulted from OCTA suspending the Modes' services and temporarily placing them into non-operational status, as a result of the significantly decreased ridership from the COVID-19 pandemic.

### **MBPT:**

- A 16.4% decrease in Vehicle Revenue Miles (VRM). Per inquiry, this change resulted from OCTA shortening various motor bus routes throughout their service line, due to the significantly decreased ridership from the COVID-19 pandemic.
- A 19.1% decrease in Vehicle Revenue Hours (VRH). Per inquiry, this change resulted from OCTA shortening various motor bus routes throughout their service line, due to the significantly decreased ridership from the COVID-19 pandemic.
- A 20.7% decrease in Passenger Miles Traveled (PMT). Per inquiry, this change resulted from OCTA shortening various motor bus routes throughout their service line, due to the significantly decreased ridership from the COVID-19 pandemic.
- A 44.1% decrease in Unlinked Passenger Trips (UPT). Per inquiry, this change resulted from OCTA shortening various motor bus routes throughout their service line, due to the significantly decreased ridership from the COVID-19 pandemic.

### **CBPT:**

- A 100% decrease in Vehicle Revenue Miles (VRM), Vehicle Revenue Hours (VRH), Passenger Miles Traveled (PMT), Unlinked Passenger Trips (UPT), Operating Expenses (OE), and High Intensity Busway Vehicle Revenue Miles (HIB VRM). Per inquiry, this change resulted from OCTA suspending the modes' services and temporarily placing them into non-operational status, as a result of the significantly decreased ridership from the COVID-19 pandemic.

### **DRPT:**

- A 32.2% decrease in Vehicle Revenue Hours (VRH). Per inquiry, this change resulted from reduced service demand from the COVID-19 pandemic.
- A 58.1% decrease in Unlinked Passenger Trips (UPT). Per inquiry, this change resulted from reduced service demand from the COVID-19 pandemic.
- A 25.4% decrease in Vehicle Revenue Miles (VRM). Per inquiry, this change resulted from reduced service demand from the COVID-19 pandemic.
- A 58.3% decrease in Passenger Miles Traveled (PMT). Per inquiry, this change resulted from reduced service demand from the COVID-19 pandemic.

**DRTX:**

- A 81.1% decrease in Vehicle Revenue Hours (VRH). Per inquiry, this change resulted from reduced service demand from the COVID-19 pandemic. Furthermore, with fewer trips and passengers on vehicles, the mode's service provider determined part way through the reporting year, that the use of the subcontracted taxi service was not necessary, resulting in the significant decrease in reporting metric.
- A 67.2% decrease in Unlinked Passenger Trips (UPT). Per inquiry, this change resulted from reduced service demand from the COVID-19 pandemic. Furthermore, with fewer trips and passengers on vehicles, the mode's service provider determined part way through the reporting year, that the use of the subcontracted taxi service was not necessary, resulting in the significant decrease in reporting metric.
- A 83.8% decrease in Vehicle Revenue Miles (VRM). Per inquiry, this change resulted from reduced service demand from the COVID-19 pandemic. Furthermore, with fewer trips and passengers on vehicles, the mode's service provider determined part way through the reporting year, that the use of the subcontracted taxi service was not necessary, resulting in the significant decrease in reporting metric.
- A 83.5% decrease in Passenger Miles Traveled (PMT). Per inquiry, this change resulted from reduced service demand from the COVID-19 pandemic. Furthermore, with fewer trips and passengers on vehicles, the mode's service provider determined part way through the reporting year, that the use of the subcontracted taxi service was not necessary, resulting in the significant decrease in reporting metric.
- A 62.9% decrease in Operating Expenses (OE). Per inquiry, this change resulted from reduced service demand from the COVID-19 pandemic. Furthermore, with fewer trips and passengers on vehicles, the mode's service provider determined part way through the reporting year, that the use of the subcontracted taxi service was not necessary, resulting in the significant decrease in reporting metric.

**VPPT:**

- A 69.1% decrease in Vehicle Revenue Hours (VRH). Per inquiry, the Vanpool program reported 145 participant vehicles in maximum service, and only 94 active participants at the end of the period, compared to 490 active participants in the Vanpool program in the prior reporting year. The decreased program participation, coupled with reduced demand for service, is attributable to the year-over-year reduction.
- A 73.6% decrease in Unlinked Passenger Trips (UPT). Per inquiry, the Vanpool program reported 145 participant vehicles in maximum service, and only 94 active participants at the end of the period, compared to 490 active participants in the Vanpool program in the prior reporting year. The decreased program participation, coupled with reduced demand for service, is attributable to the year-over-year reduction.
- A 67.3% decrease in Vehicle Revenue Miles (VRM). Per inquiry, the Vanpool program reported 145 participant vehicles in maximum service, and only 94 active participants at the end of the period, compared to 490 active participants in the Vanpool program in the prior reporting year. The decreased program participation, coupled with reduced demand for service, is attributable to the year-over-year reduction.
- A 71.2% decrease in Passenger Miles Traveled (PMT). Per inquiry, the Vanpool program reported 145 participant vehicles in maximum service, and only 94 active participants at the end of the period, compared to 490 active participants in the Vanpool program in the prior reporting year. The decreased program participation, coupled with reduced demand for service, is attributable to the year-over-year reduction.
- A 65.4% decrease in Operating Expenses (OE). Per inquiry, the Vanpool program reported 145 participant vehicles in maximum service, and only 94 active participants at the end of the period, compared to 490 active participants in the Vanpool program in the prior reporting year. The decreased program participation, coupled with reduced demand for service, is attributable to the year-over-year reduction.

No exceptions were noted as a result of this procedure.

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## ATTACHMENT 1

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- aa. The auditor should document the specific procedures followed, documents reviewed, and tests performed in the work papers. The work papers should be available for FTA review for a minimum of three years following the NTD report year. The auditor may perform additional procedures, which are agreed to by the auditor and the transit agency, if desired. The auditor should clearly identify the additional procedures performed in a separate attachment to the statement as procedures that were agreed to by the transit agency and the auditor but not by FTA.

**Finding:** We have documented the procedures followed based on the *FTA 2021 NTD Policy Manual Exhibit 79 - Federal Funding Allocation Data Review - Suggested Procedures*, and noted the documents inspected and tests performed in our workpapers. Additional procedures were not performed.



**BOARD OF DIRECTORS**

*Andrew Do  
Chairman*

*Mark A. Murphy  
Vice Chairman*

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Director*

*Doug Chaffee  
Director*

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*Tim Shaw  
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Director*

*Donald P. Wagner  
Director*

*Ryan Chamberlain  
Ex-Officio Member*

**CHIEF EXECUTIVE OFFICE**

*Darrell E. Johnson  
Chief Executive Officer*

November 19, 2021

Members of the Board of Directors  
Orange County Transportation Authority  
550 S. Main Street  
P.O. Box 14184  
Orange, CA 92863-1584

The following response is being submitted to address results from the agreed-upon procedures performed for the National Transit Database (NTD) as of, and for, the fiscal year ended June 30, 2021.

**Procedure K – Demand Response – Purchased Transportation (DRPT) Mode**

Select a sample of the source documents for accumulating passenger miles traveled (PMT) data and determine that the data are complete (all required data are recorded), and that the computations are accurate. Select a random sample of the accumulation periods and recompute the accumulations for each of the selected periods. List the accumulations periods that were tested. Test the arithmetical accuracy of the summary.

**Finding:** For DRPT, we selected 48 routes performed during August 2020, December 2020, and February 2021, and compared the PMT reported against the signed driver manifests. We recomputed the mathematical accuracy of the trip sheets and observed all required data was recorded in the accumulation worksheet designed to perform the PMT calculation. We identified a variance in PMT for 14 of the 48 routes sampled, resulting in a net variance of 838 miles. For nine of the samples, support was unable to be provided. No other exceptions were found as a result of this procedure.

**Management's Response:** The process to receive and store signed driver manifests (source documentation) will be revised to include a monthly audit of the signed driver manifests. This audit will be conducted by staff from the Orange County Transportation Authority's (OCTA) Paratransit Services Department on a monthly basis, prior to the contractor submitting the full month's signed driver manifests to OCTA's General Services Department for scanning. This added procedural step will ensure that source documentation has been collected appropriately for archiving.

The majority of the 838 PMT variance noted in the recomputation of PMT for arithmetical accuracy is attributed to these missing source documents. With the

added process of verifying the contractor's collection of the signed driver manifests, OCTA anticipates resolving future data discrepancies.

**Procedure M – Van Pool Service–Purchased Transportation (VPPT) Mode**

For actual vehicle revenue miles (VRM) data, document the collection and recording methodology and determine that deadhead miles are systematically excluded from the computation. This is accomplished as follows:

- If actual VRM is calculated from hub odometers, document the procedures used to calculate and subtract deadhead mileage. Select a random sample of the hub odometer readings and determine that the stated procedures for hub odometer deadhead mileage adjustments are applied as prescribed. Test the arithmetical accuracy of the summary of intermediate accumulations.

Finding: For the VPPT mode, deadhead miles are automatically excluded because only commuter miles are factored into the calculation of revenue mileage and the results are reviewed by the section manager of the Vanpool Program. Upon inspection of the underlying source documentation for actual VRM, it was noted that the vanpool software used to collect, maintain, and report VRM was using total odometer miles in the report, as opposed to VRM. This resulted in a net variance of 75,753 miles, which was subsequently corrected by Vanpool staff, and thus, no error is noted in the amount of VRM recorded for the current reporting period.

Management's Response: The vanpool software captures both the monthly odometer mileage and the VRM. The software provider had inadvertently set up our report to capture the total odometer miles instead of the VRM. During the course of the normal monthly validation by OCTA, staff noticed the discrepancy and a correction was made to the NTD report. This was further noted by the audit as discussed above. OCTA has also notified the software provider who has already made the necessary corrections so future year reports will pull VRM data from the correct source. Staff will continue the monthly monitoring and validation process to further ensure the accuracy of the reporting.



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Jennifer Bergener  
Deputy Chief Executive Officer/  
Chief Operating Officer



**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
WITH RESPECT TO THE TREASURY DEPARTMENT**

Year ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
Orange County Transportation Authority  
Orange, California

We have performed the procedures enumerated below related to the investment policies, procedures and selected activities of the Orange County Transportation Authority ("OCTA" or "the Authority") for the fiscal year ended June 30, 2021. OCTA's management is responsible for the investment policies, procedures and selected activities of the Authority.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the Authority. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all 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. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures that we performed and our findings are included in Appendix A.

We were engaged by OCTA 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 investment policies, procedures and selected activities of the Authority. 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 the Authority and 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 OCTA's Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.



Crowe LLP

Costa Mesa, California  
November 19, 2021

ORANGE COUNTY TRANSPORTATION AUTHORITY  
APPENDIX A – SCHEDULE OF PROCEDURES AND FINDINGS  
Year ended June 30, 2021

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The procedures performed and associated results are as follows:

1. We conducted inquiries of personnel involved in the Treasury Department operations, obtained the Debt and Investment Management Manual and observed the procedures performed to determine whether the procedures provided for:
  - a. Transactions that are clearly documented and readily available for examination;
  - b. Transactions that are promptly recorded and properly classified;
  - c. Transactions that are authorized and executed only by persons acting within the scope of their authority;
  - d. Segregation of key duties and responsibilities in authorizing, processing, recording and reviewing;
  - e. Supervision to ensure that internal control objectives are achieved;
  - f. Limiting access to resources and records to authorized individuals and ensuring accounting for custody of resources; and
  - g. Periodic reconciliation of investments between the custodian statements and the general ledger.

Finding: No exceptions were noted as a result of this procedure. We observed the procedures performed to determine whether the procedures provided for items a.-g. by observing documented procedures in the Investment Management Manual (Manual) and determining the attributes above were provided for in the Manual.

2. We compared the Investment Policies dated June 10, 2020 and June 9, 2021 to California Government Code Section 53601 to determine compliance.

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

3. We observed system related controls to determine they were in place to appropriately limit access to cash and investment information.

Finding: We observed system related controls surrounding the Clearwater system and no exceptions were noted as a result of this procedure. Specifically, we observed that access to the system was password protected and that the user access listing was restricted to those individuals requiring access for their job duties.

4. We determined that the Investment Policy was provided to external investment managers on an annual basis. In addition, we determined whether each investment manager certified receipt of the Investment Policy with a statement agreeing to abide by its terms.

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

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(Continued)

ORANGE COUNTY TRANSPORTATION AUTHORITY  
APPENDIX A – SCHEDULE OF PROCEDURES AND FINDINGS  
Year ended June 30, 2021

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5. We sampled three monthly Treasury/Public Finance Department Reports on OCTA Investment and Debt Programs presented to the Finance and Administration Committee to determine whether they were provided in accordance with the Debt and Investment Management Manual (Section 2, Part C, Treasury/Public Finance Department, and Investment Reporting).

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

6. We selected a sample of four authorization letters (and changes to them) to investment managers, brokers, banks and custodians to determine that they were jointly authorized in writing by the Treasurer and another individual authorized by the Debt and Investment Management Manual. In addition, we inspected the letters for existence of the following attributes:
- a. OCTA staff authorized to make investments;
  - b. Custody instructions; and
  - c. Instructions for money and security transfers.

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

7. We selected a sample of 60 investment purchases during the fiscal year ended June 30, 2021 to determine that:
- a. The investments were in compliance with the Investment Policy;
  - b. The Treasury Department's policies and procedures with respect to investment purchases were followed;
  - c. The investments were properly recorded; and
  - d. Any investment earnings on matured investments were calculated and recorded correctly.

Finding: We inspected the investment policies obtained in procedure two and compared the policies outlined for investment purchases contained within to the sample of investments purchased during the year and noted no exceptions. We agreed Asset ID, ISIN number, Maturity date, Principal (Value), and Security Ratings to the Clearwater report to ensure proper recording of the securities. We recalculated investment earnings on matured investments and agreed to the Clearwater system. No exceptions were noted as a result of this procedure.

8. We sampled ten weekly holdings reports for each external investment manager during the fiscal year ended June 30, 2021 and determined whether they were monitored by Treasury Department personnel and were in compliance with the Investment Policy. Specifically:
- a. We obtained the holdings report for each external manager for each week selected;
  - b. We inspected that the Treasury Department's review was documented on the holdings report;
  - c. We compared the holdings report to the Investment Policy limits and diversification guidelines to determine whether the external investment manager complied; and
  - d. We determined that any instances of noncompliance were identified and corrected by the Treasury Department and that probationary and reporting procedures were followed.

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(Continued)

ORANGE COUNTY TRANSPORTATION AUTHORITY  
APPENDIX A – SCHEDULE OF PROCEDURES AND FINDINGS  
Year ended June 30, 2021

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

9. We selected a sample of three monthly bank reconciliations during the fiscal year ended June 30, 2021 and performed the following:
- a. Traced general ledger balances and bank balances to supporting documentation;
  - b. Determine whether the reconciliations were completed within thirty days of month end;
  - c. Determine that any discrepancies were reported and resolved;
  - d. Determine that reconciliations and resolution of discrepancies were reviewed and approved by an official who was not responsible for recording receipts and disbursements; and
  - e. Determine that bank statements were mailed directly to the Accounting Department.

Finding: No exceptions were noted as a result of this procedure. We determined the items in b. - e. by observing the reconciliations contained the information listed.

10. We selected a sample of three monthly investment account reconciliations and inspected the supporting documentation to determine that:
- a. Reconciliations were completed and approved by the end of the month following the month being reconciled, and were performed by someone who was not responsible for recording receipts and disbursements;
  - b. Discrepancies were identified and resolved;
  - c. Reconciliations and the resolution of discrepancies were reviewed by an official who was not responsible for recording investment transactions; and
  - d. Investment statements were mailed directly to the Accounting Department.

Finding: The Bank of New York Mellon is accessed using a computer login, therefore procedure (d) listed above was not applicable. The remainder of the procedures were performed with no exceptions noted.

11. We inspected the Treasury Department's cash forecasting documentation to determine the Department performed or prepared the following:
- a. A day-to-day cash forecast for the current week;
  - b. Reviewed forecasts with the Funds Management Team;
  - c. Monitored actual cash flow activity versus forecast;
  - d. Maintained regular communication with external investment managers regarding OCTA cash forecast and operational needs.

Finding: No exceptions were noted as a result of this procedure. For procedure d., weekly communications were observed.

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(Continued)

ORANGE COUNTY TRANSPORTATION AUTHORITY  
APPENDIX A – SCHEDULE OF PROCEDURES AND FINDINGS  
Year ended June 30, 2021

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12. We inspected monthly Investment and Debt Programs reports for required reporting of downgrades and credit watch placements.

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

13. We inspected minutes of both the Board of Directors and the Finance and Administration Committee, inquired with Treasury Department personnel, and inspected other supporting documentation to determine that the following required oversight activities took place:

- a. The Finance and Administration Committee reviewed investments on a monthly basis;
- b. The Board of Directors reviewed investments on a quarterly basis;
- c. The Board of Directors reviewed and approved the Investment Policy and amendments made during the fiscal year ended June 30, 2021;
- d. The Internal Audit Department performed semi-annual reviews to determine if OCTA was in compliance with its debt, investment, and accounting policies and procedures; and
- e. The funds management team met on a weekly basis.

Finding: No exceptions were noted as a result of this procedure. We inspected the Finance and Administration Committee meeting minutes, Board of Directors meeting minutes, semi-annual reviews performed by the Internal Audit Department, and the informational packet for the funds management team meeting noting that the above oversight activities took place.

14. We inquired whether there have been any changes in Treasury policies and procedures, organization or function, as a result of any prior year audit findings or as a result of the Treasury Department Agreed-Upon Procedures.

Finding: No exceptions were noted as a result of this procedure. Based upon our inquiry no changes in Treasury policies and procedures, organization or function were noted as a result of any prior year findings or as a result of the Treasury Department Agreed-Upon Procedures.



Crowe LLP  
Independent Member Crowe Global

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
Orange County Local Transportation Authority  
and the Taxpayers' Oversight Committee of the  
Orange County Local Transportation Authority  
Orange, California

We have performed the procedures enumerated in Attachment A on the Measure M2 Status Report of the Authority. The Orange County Local Transportation Authority ("OCLTA" or "Authority") and the Taxpayers' Oversight Committee of the Authority ("TOC") (the specified parties) are responsible for the Measure M2 Status Report.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the Authority. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all 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. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and the associated findings are contained in Attachment A.

We were engaged by the Authority 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 M2 Status Report. 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 the Authority and 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 Authority and the TOC and is not intended to be, and should not be, used by anyone other than the specified parties.

A handwritten signature in black ink that reads "Crowe LLP".

Crowe LLP

Costa Mesa, California  
December 21, 2021

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY  
APPENDIX A – SCHEDULE OF PROCEDURES AND FINDINGS  
Year ended June 30, 2021

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The procedures and associated findings are as follows:

The Measure M2 Status Report is separated into three sections: Section A describes the procedures applied to Schedule 1; Section B describes the procedures applied to Schedule 2; and Section C describes the procedures applied to Schedule 3. All amounts are reported in thousands.

A. We obtained Schedule 1 and performed the following procedures:

1. Compared year to date June 30, 2021 amounts (Column A) to the audited trial balances of the OCLTA Special Revenue Fund (Fund 17) and the OCLTA Debt Service Fund (Fund 72) and additional detailed information from the underlying accounting records.
2. Compared Period from Inception through June 30, 2021 amounts (Column B) by adding the prior year's Period from Inception through June 30, 2020 amounts with year to date June 30, 2021 amounts (Column A).
3. Re-computed totals and subtotals.

B. We obtained Schedule 2 and performed the following procedures:

1. Compared year ended June 30, 2021 (Columns C.1 and C.2) to Schedule 1, Column A. For professional services, non-project related amounts, we compared the sum of this caption allocated to Revenues and to Bond Revenues at June 30, 2020 (C.1 and C.2) to Schedule 1, Column A. For Environmental Cleanup, we agreed this amount to the project job ledger.
2. Compared Period from Inception through June 30, 2021 amounts (Columns D.1 and D.2) to Schedule 1, Column B. For professional services, non-project related, and other non-project related amounts, we compared the total of the amounts allocated to Revenues and to Bond Revenues at June 30, 2021 (D.1 and D.2) to Schedule 1, Column B. For Environmental Cleanup, we agreed this amount to the project job ledger.
3. Compared forecast amounts (Column E.1 and E.2) to Measure M2 Forecast Model Schedule.
4. Re-computed totals and subtotals.

C. We obtained Schedule 3 and performed the following procedures:

1. Compared Net Revenues through June 30, 2021 (Column H) and Total Net Revenues (Column I) amounts to Schedule 2, Column D.1 and Column F.1, Net Revenues (Totals), respectively.
2. Recalculated Net Revenues through June 30, 2021 (Column H) and Total Net Revenues (Column I) amounts, by mode and project description, based on the Measure M2 Transportation Investment Plan (Investment Plan).
3. Reconciled Expenditures through June 30, 2021 (Column J) to Schedule 1, Column B. Agreed Environmental Cleanup to Schedule 2, Column D.1. Agreed Oversight and Annual Audits to the summary of Measure M2 administrative costs through June 30, 2021. Agreed Column J, by project description, to the project job ledger by fiscal year.

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(Continued)



ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY  
APPENDIX A – SCHEDULE OF PROCEDURES AND FINDINGS  
Year ended June 30, 2021

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4. Selected a sample of 40 expenditures from Column J and compared them to invoices and supporting documentation to determine whether the sampled expenditures were properly accrued and classified.
5. Agreed Reimbursements through June 30, 2021 (Column K) to Schedule 1, Column B. Agreed Oversight and Annual Audits line item to summary of Measure M2 administrative costs through June 30, 2021.
6. Agreed Column K to the supporting revenue summary by project and fiscal year. Selected a sample of 40 reimbursements from Column K and agreed them to supporting invoices and remittance advices to determine whether the sampled reimbursements were properly calculated.
7. Recalculated the net M2 cost (Column L) by subtracting Column K from Column J.
8. Recalculated revenues through June 30, 2021 (Column H.1) and the Total Revenues (Column I.1) for Environmental Cleanup (2% of revenues) and Oversight and Annual Audits (1% of revenues) by multiplying sales taxes and operating interest per Schedule 2, Column D.1 and Column F.1 by 2% and 1%, respectively.
9. Recalculated Revenues through June 30, 2021 (Column H.1) and Total Revenues (Column I.1) for Collect Sales Taxes (1.5% of sales taxes) by multiplying Sales Taxes per Schedule 2, Column D.1 and Column F.1 by 1.5%.
10. Re-computed total and subtotals.

Results: No exceptions were found as a result of these procedures.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED UPON PROCEDURES RELATED TO**  
**ARTICLE XIII-B APPROPRIATIONS LIMIT CALCULATION**  
For the fiscal year ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED UPON PROCEDURES

Board of Directors  
Orange County Transportation Authority  
Orange, California

We have performed the procedures enumerated below on the Appropriations Limit Worksheet (Worksheet) the of Orange County Transportation Authority ("OCTA" or "the Authority") as of June 30, 2021. OCTA's management is responsible for the preparation of the Worksheet.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the Authority. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all 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. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures performed and associated findings are as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish OCTA's appropriations limit and compared the 2020-2021 limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of OCTA's Board of Directors. We compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of OCTA's Board of Directors.

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

2. We added last year's limit to the annual adjustment amount and compared the resulting amount to the 2020-2021 appropriations limit.

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

3. We compared the current year information to the worksheets described in No. 1 above and to information provided by the California State Department of Finance.

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

4. We agreed the prior year appropriations limit to the prior year appropriations limit adopted by OCTA's Board of Directors.

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

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(Continued)

We were engaged by OCTA 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 Worksheet. 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 the Authority and 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 OCTA's Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Costa Mesa, California  
November 19, 2021

ORANGE COUNTY TRANSPORTATION AUTHORITY  
APPROPRIATIONS LIMIT CALCULATIONS  
Year ended June 30, 2021

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	<u>Amount</u>	<u>Source</u>
A. Last year's limit	\$ 12,054,043	
B. Adjustment factors:		
1. Population change	1.0373	State Finance
2. Per capital change	1.0004	State Finance
Total adjustments [(B.1 × B.2) – 1.0]	0.03770	
C. Annual adjustment	<u>454,437</u>	A × B
D. This year's limit	<u>\$ 12,508,480</u>	A + C

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**  
**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED UPON PROCEDURES RELATED TO**  
**ARTICLE XIII-B APPROPRIATIONS LIMIT CALCULATION.**

For the fiscal year ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
Orange County Local Transportation Authority  
Orange, California

We have performed the procedures enumerated below on the Appropriations Limit Worksheet (Worksheet) of the Orange County Local Transportation Authority ("OCLTA" or "Authority") as of June 30, 2021. OCLTA's management is responsible for the preparation of the Worksheet.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the Authority. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all 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. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures performed and associated findings are as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish OCLTA's appropriations limit and compared the 2020-2021 limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of OCLTA's Board of Directors. We compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of OCLTA's Board of Directors.

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

2. We added last year's limit to the annual adjustment amount and compared the resulting amount to the 2020-2021 appropriations limit.

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

3. We compared the current year information to the worksheets described in No. 1 above and to information provided by the California State Department of Finance.

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

4. We agreed the prior year appropriations limit to the prior year appropriations limit adopted by OCLTA's Board of Directors.

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

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(Continued)

We were engaged by OCLTA 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 Worksheet. 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 the Authority and 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 OCTLA's Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Costa Mesa, California  
November 19, 2021



ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY  
APPROPRIATIONS LIMIT CALCULATIONS  
Year ended June 30, 2021

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	<u>Amount</u>	<u>Source</u>
A. Last year's limit	\$ 1,821,701,129	
B. Adjustment factors:		
1. Population change	1.0373	State Finance
2. Per capital change	1.0004	State Finance
Total adjustments [(B.1 × B.2) – 1.0]	0.03770	
C. Annual adjustment	<u>68,678,132</u>	A × B
D. This year's limit	<u>\$ 1,890,379,261</u>	A + C