

**ORANGE COUNTY LOCAL  
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR MOBILITY PROGRAM**

**AGREED-UPON PROCEDURES REPORTS**

**Year Ended June 30, 2015**

**ORANGE COUNTY LOCAL  
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR MOBILITY PROGRAM**

**AGREED-UPON PROCEDURES REPORTS**

**Year Ended June 30, 2015**

The cities listed below were selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2015. Please refer to the individual divider tab for our report on each Agency.

City of Anaheim

City of Garden Grove

City of Huntington Beach (as of City's fiscal year end, September 30, 2015)

City of Santa Ana



**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES – CITY OF ANAHEIM**

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Anaheim’s (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2015. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the City to determine that the agreement was properly approved and executed.

Results: No exceptions were noted as a result of our procedures.

2. We documented which fund(s) the City used to track expenditures relating to the Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2015.

Results: The City’s expenditures are tracked in the general ledger by fund and object. The City records its Senior Mobility Program expenditures in its General Fund (Fund 101), under unit 7278 (Senior Citizens Centers). During the fiscal year ended June 30, 2015, the City reported total program expenditures of \$298,771, which included the City’s match. No exceptions were noted as a result of our procedures.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the cash balance of the City's Measure M2 Senior Mobility Program as of June 30, 2015 and determined whether funds were expended within three years of receipt.

Results: The City received \$674,123 over the past three fiscal years of Measure M2 Senior Mobility Program funds. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2014/2015	Senior Mobility (M2)	\$ 50,991

No exceptions were noted.

4. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Senior Mobility Program Fund.

Results: No exceptions were noted as a result of our procedures.

5. We verified that the City satisfied the requirement of a twenty percent (20%) match of the total annual formula allocation.

Results: The total match expenditures amounted to \$59,754, which is approximately 24% of the total annual formula allocation of \$251,998. No exceptions were noted as a result of our procedures.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditures selected were exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results: A total of \$298,771 in expenditures was tested, representing 100% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2015. No exceptions were noted as a result of our procedures.

7. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2015 did not include indirect costs. No exceptions were noted as a result of our procedures.

8. We determined if the City contracts with a third party service provider for senior transportation service, and performed the following:
  - a. Verified that the contractor was selected using a competitive procurement process.
  - b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracts with a third party service provider, Western Transit Systems, to provide shuttle services for the Senior Mobility Program. We verified that Western Transit Systems was selected using a competitive procurement process through review of the City’s Request for Proposal, City Council minutes, and the executed agreement with Western Transit Systems. Per review of the contract agreement we noted that wheelchair accessible vehicles are available and used as needed. No exceptions were noted as a result of our procedures.

9. We obtained proof of insurance coverage for the City’s contractor (if applicable) and we performed the following:
  - a. Reviewed the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
  - b. Verified the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracts with a third party service provider, Western Transit Systems, to provide shuttle services for the Senior Mobility Program. We obtained and reviewed the insurance coverage for Western Transit Systems, and noted the requirements established in the Cooperative Agreement were met. Additionally, we noted the current year proof of insurance was submitted and on file with OCLTA. No exceptions were noted as a result of our procedures.

10. We obtained and sampled monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Results: Through review of the City’s monthly summary reports, it was noted that the City’s monthly expenditures reported agreed to supporting documentation, and reports were submitted to OCLTA. However, for the four reports tested we noted that they were not submitted within 30 calendar days of month end. The City asserted all submissions were made timely via fax to OCLTA, but OCLTA staff asserted no reports were received via fax within the required deadlines, and the City did not maintain evidence of those submissions. OCLTA staff confirmed that reports were received via fax on the following dates:

Reporting Month	Date Submitted	Days Late	Amount Reported
November-14	3/5/2015	65	\$ 19,656
January-15	3/5/2015	3	22,823
February-15	7/9/2015	101	22,823
May-15	7/9/2015	9	24,024

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Senior Mobility Program. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

At the request of OCLTA, the City'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 above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.



Laguna Hills, California  
December 18, 2015



City of Anaheim  
**FINANCE DEPARTMENT**  
 Accounting Division

December 18, 2015

**Board of Directors**

Orange County Local Transportation Authority  
 and the Taxpayers Oversight Committee of the  
 Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility Program for the City of Anaheim as of and for the fiscal year ended June 30, 2015.

**Procedure #10**

We obtained and sampled monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

**Results:**

Through review of the City's monthly summary reports, it was noted that the City's monthly expenditures reported agreed to supporting documentation, and reports were submitted to OCLTA. However, for the four reports tested we noted that they were not submitted within 30 calendar days of month end. The City asserted all submissions were made timely via fax to OCLTA, but OCTLA staff asserted no reports were received via fax within the required deadlines, and the City did not have evidence of those submissions. OCTLA staff confirmed that reports were received via fax on the following dates:

Reporting Month	Date Submitted	Days Late	Amount Reported
November-14	3/5/2015	65	\$ 19,656
January-15	3/5/2015	3	22,823
February-15	7/9/2015	101	22,823
May-15	7/9/2015	9	24,024

**City's Response:**

The City continues to assert that all monthly summary reports were submitted to OCLTA in a timely fashion via fax, but has no evidence of those submissions. The City maintains that the "Date Submitted" noted in the Procedure #10 Results section are actually the dates where the City resubmitted the monthly summary reports to OCTLA. Effective immediately, the City will maintain evidence of its monthly submissions to OCLTA via electronic mail.

Sincerely,

Signature:  \_\_\_\_\_

Paul Emery  
*City Manager*

Signature:  \_\_\_\_\_

Deborah A. Moreno  
*Director of Finance*

Signature:  \_\_\_\_\_

Terry Lowe  
*Director of Community Services*





**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING  
AGREED-UPON PROCEDURES – CITY OF GARDEN GROVE**

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Garden Grove's (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2015. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the City to determine that the agreement was properly approved and executed.

Results: No exceptions were noted as a result of our procedures.

2. We documented which fund(s) the City used to track expenditures relating to the Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2015.

Results: The City's expenditures are tracked in the general ledger by fund and object. The City records its Senior Mobility Program expenditures in its Measure M2 CTFP Fund (424), under the Senior Mobility Program Package 4601 (project code). The City records the match expenditures in the General Fund (111) and Federal Grant Fund (359). During the fiscal year ended June 30, 2015, the City reported total program expenditures of \$204,920, which included the City's match. The City match expenditures totaled \$56,100 in the General Fund and \$21,168 in the Federal Grant Fund. The Federal Grant Fund monies were funded through a separate grant, Senior Serv Grant from the County of Orange Office on Aging, but as the costs are part of the City's Senior Mobility Program, the City reports amounts to OCLTA as part of the match expenditures. No exceptions were noted as a result of our procedures.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the cash balance of the City's Measure M2 Senior Mobility Program as of June 30, 2015 and determined whether funds were expended within three years of receipt.

Results: The City received \$746,649 over the past three fiscal years of Measure M2 Senior Mobility Program funds, including a settlement with a prior vendor of \$332,265, which will be used toward future senior mobility program costs. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2014/2015	Senior Mobility (M2)	\$ 382,438

No exceptions were noted.

4. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Senior Mobility Program Fund.

Results: No exceptions were noted as a result of our procedures.

5. We verified that the City satisfied the requirement of a twenty percent (20%) match of the total annual formula allocation.

Results: The total match expenditures amounted to \$77,268 which is approximately 53% of the total annual formula allocation of \$145,431. No exceptions were noted as a result of our procedures.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditures selected were exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results: A total of \$194,619 in expenditures was tested, representing 95% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2015. No exceptions were noted as a result of our procedures.

7. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2015 did not include indirect costs. However, indirect costs were charged as match expenditures. Indirect match expenditures tested totaled \$56,100. No exceptions were noted as a result of our procedures.

8. We determined if the City contracts with a third party service provider for senior transportation service, and performed the following:
  - a. Verified that the contractor was selected using a competitive procurement process.
  - b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with a third party service provider, California Yellow Cab, to provide transportation services for the Senior Mobility Program. We verified that California Yellow Cab was selected using a competitive procurement process through review of the City's Request for Proposal, bidding documents, and the executed agreement with California Yellow Cab. Per review of the contract agreement we verified that wheelchair accessible vehicles are available and used as needed. No exceptions were noted as a result of our procedures.

9. We obtained proof of insurance coverage for the City's contractor (if applicable) and we performed the following:
  - a. Reviewed the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
  - b. Verified the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.


Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracts with a third party service provider, California Yellow Cab, to provide transportation services for the Senior Mobility Program. We obtained and reviewed the insurance coverage for California Yellow Cab, and noted the requirements established in the Cooperative Agreement were met. As required in the Cooperative Agreement, we noted the current year proof of insurance for the City was submitted and on file with OCLTA, while the City's contractors' insurance was on file with the City. No exceptions were noted as a result of our procedures.

10. We obtained and sampled monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Results: Through inspection of a sample of four monthly summary reports, it was noted that the City's monthly expenditures reported agreed to supporting documentation, and reports were submitted to OCLTA within 30 days of month end. No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Senior Mobility Program. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

  
Laguna Hills, California  
December 18, 2015



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING  
AGREED-UPON PROCEDURES – CITY OF HUNTINGTON BEACH**

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Huntington Beach’s (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, September 30, 2015. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the City to determine that the agreement was properly approved and executed.

Results: No exceptions were noted as a result of our procedures.

2. We documented which fund(s) the City used to track expenditures relating to the Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended September 30, 2015.

Results: The City’s expenditures are tracked in the general ledger by fund and object. The City records its Senior Mobility Program expenditures in Fund 963, Senior Mobility Program Fund. The match expenditures are recorded in Fund 103, Donations Fund, under business unit 10345502. During the fiscal year ended September 30, 2015, the City reported total program expenditures of \$220,383, which did not include the City’s match. No exceptions were noted as a result of our procedures.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the cash balance of the City's Measure M2 Senior Mobility Program as of September 30, 2015 and determined whether funds were expended within three years of receipt.

Results: The City received \$616,223 over the past three fiscal years of Measure M2 Senior Mobility Program funds. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2014/2015	Senior Mobility (M2)	\$ 10,886

No exceptions were noted.

4. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Senior Mobility Program Fund.

Results: No exceptions were noted as a result of our procedures.

5. We verified that the City satisfied the requirement of a twenty percent (20%) match of the total annual formula allocation.

Results: The total match expenditures amounted to \$74,801, which is approximately 38% of the total annual formula allocation of \$196,922. No exceptions were noted as a result of our procedures.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditures selected were exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results: A total of \$30,839 in expenditures was tested, representing 10% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended September 30, 2015. No exceptions were noted as a result of our procedures.

7. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the Measure M2 Senior Mobility Program expenditures for the fiscal year ended September 30, 2015 did not include indirect costs. No exceptions were noted as a result of our procedures.

8. We determined if the City contracts with a third party service provider for senior transportation service, and performed the following:
  - a. Verified that the contractor was selected using a competitive procurement process.
  - b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City did not contract with a third party service provider for senior transportation service. No exceptions were noted as a result of our procedures.

9. We obtained proof of insurance coverage for the City's contractor (if applicable) and we performed the following:
  - a. Reviewed the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
  - b. Verified the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.


Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City did not contract with a third party service provider for senior transportation service. However, per review of the City's Cooperative Agreement, the City was required to maintain insurance coverage. We obtained and reviewed the insurance coverage for the City, and noted the requirements established by the Cooperative Agreement were met. Additionally, we noted the current year proof of insurance was submitted and on file with OCLTA. No exceptions were noted as a result of our procedures.

10. We obtained and sampled monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Results: Through inspection of a sample of four monthly summary reports, it was noted that the City's monthly expenditures reported agreed to supporting documentation, and reports were submitted to OCLTA within 30 days of month end. No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Senior Mobility Program. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

  
Laguna Hills, California  
December 18, 2015



**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES – CITY OF SANTA ANA**

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Santa Ana's (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2015. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the City to determine that the agreement was properly approved and executed.

Results: No exceptions were noted as a result of our procedures.

2. We documented which fund(s) the City used to track expenditures relating to the Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2015.

Results: The City's expenditures are tracked in the general ledger by fund and object. The City records its Senior Mobility Program expenditures in its General Fund (011), under accounting unit 01113230 (\$37,241) and Recreation Grants Fund (169), under accounting unit 16913202 (\$172,194) for total program expenditures of \$209,435, for the fiscal year ended June 30, 2015. No exceptions were noted as a result of our procedures.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the cash balance of the City’s Measure M2 Senior Mobility Program as of June 30, 2015 and determined whether funds were expended within three years of receipt.

Results: The City received \$510,906 over the past three fiscal years of Measure M2 Senior Mobility Program funds. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2014/2015	Senior Mobility (M2)	\$ 7,114

No exceptions were noted.

4. We reviewed the City’s interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Senior Mobility Program Fund.

Results: No exceptions were noted as a result of our procedures.

5. We verified that the City satisfied the requirement of a twenty percent (20%) match of the total annual formula allocation.

Results: The total match expenditures amounted to \$37,241, which is approximately 21% of the total annual formula allocation of \$179,308. No exceptions were noted as a result of our procedures.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditures selected were exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results: A total of \$57,035 in expenditures was tested, representing 27% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2015. We noted the following types of expenditures in our sample:

- \$24,378 or 43% of our sample, represented costs incurred for senior transportation services provided by third party service providers. Review of supporting documentation noted that \$15,778 were for transportation services not within the Scope of Work (SOW) of the Cooperative Agreement (Agreement). The SOW specifies “door to door service to Santa Ana fragile senior residents to and from the two Senior Centers”. These expenditures related to trips to and from the two senior centers to destinations outside of Orange County, such as Balboa Park, Solvang, and casinos in San Diego County. We were unable to determine whether the remaining \$8,600 in expenditures complied with the Agreement, as the invoices provided by the vendor lacked detail as to the trips provided; however, the City asserted the services were for trips to and from the seniors’ homes to each of the City’s senior centers.
- \$21,112 or 37% of our sample, represented fuel charges and internal service charges for City-owned vehicles used to provide senior transportation services by City employees. The City asserted the two vehicles are used exclusively for the senior transportation program; however travel logs supporting the trips were not retained. As such, we were unable to validate the charges and assess compliance with the Agreement.



- \$10,820 or 19% of our sample, represented payroll charges of employees who provide senior transportation services as part of the City's senior transportation program, including drivers and program coordinators assigned to the two senior centers (Southwest and Santa Ana Senior Centers). However, as noted above, some of the transportation services provided do not comply with the SOW.
  - \$725 or 1% of our sample, was for vehicle signage purchased for City-owned vehicles used to provide senior transportation services. No exceptions were noted.
7. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2015 did not include indirect costs. No exceptions were noted as a result of our procedures.

8. We determined if the City contracts with a third party service provider for senior transportation service, and performed the following:
- a. Verified that the contractor was selected using a competitive procurement process.
  - b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with two third party service providers, Certified Transportation and JFK Transportation Company Inc., to provide senior transportation services, in addition to services provided by City employees. We verified that Certified Transportation and JFK Transportation Company Inc., were selected using a competitive procurement process through review of the City's Invitation for Bid, City Council minutes, and the City's bid ratings. Per review of the contract agreements and related bid documentation for Certified Transportation and JFK Transportation Company Inc., we noted that wheelchair accessible vehicles are available and used as needed. No exceptions were noted as a result of our procedures.

9. We obtained proof of insurance coverage for the City's contractor (if applicable) and we performed the following:
- a. Reviewed the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
  - b. Verified the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with Certified Transportation and JFK Transportation Company Inc. to provide senior transportation services. We obtained and reviewed the insurance coverage for Certified Transportation and JFK Transportation Company Inc., and noted the requirements established in the Cooperative Agreement were met. As required in the Cooperative Agreement, we noted the current year proof of insurance for the City was submitted and on file with OCLTA, while the City's contractors' insurance was on file with the City. No exceptions were noted as a result of our procedures.

10. We obtained and sampled monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Results: Through review of the City’s monthly summary reports, it was noted that in three of five monthly reports expenditures did not agree to the City’s supporting documentation. Total expenditures were over-reported by \$1,953, or 2% of the actual general ledger balances. The City asserted the differences were related to the timing of invoice processing, which were recorded in the general ledger subsequent to the monthly report submission. In addition, as noted below, we identified that four of five reports tested were not submitted within 30 days.

Reporting Month	Date Submitted	Days Late	Amount Reported
July-14	9/4/2014	5	\$ 11,143
September-14	10/31/2014	1	22,101
December-14	2/4/2015	5	13,332
April-15	6/2/2015	3	13,970
June-15	7/30/2015	0	60,325

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Senior Mobility Program. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

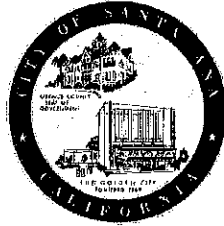
At the request of OCLTA, the City’s responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City’s responses and express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

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

*Varrinck Train, Dwyer Co, LLP*

Laguna Hills, California  
January 20, 2016

MAYOR  
Miguel A. Pulido  
MAYOR PRO TEM  
Vincent F. Sarmiento  
COUNCILMEMBERS  
Angelica Amezcua  
P. David Benavides  
Michele Martinez  
Roman Reyna  
Sal Tinajero



CITY MANAGER  
David Cavazos  
CITY ATTORNEY  
Sonia R. Carvalho  
CLERK OF THE COUNCIL  
Maria D. Huizar

**CITY OF SANTA ANA**  
**FINANCE AND MANAGEMENT SERVICES AGENCY**  
20 Civic Center Plaza M-17 • P.O. Box 1988  
Santa Ana, California 92702  
714-647-5420  
[www.santa-ana.org](http://www.santa-ana.org)

January 20, 2016

Orange County Local Transportation Authority  
Ms. Janet Sutter, Executive Director – Internal Audit  
550 South Main Street  
P.O. Box 14184  
Orange, CA 92863-1584

Ms. Sutter:

Below is the City of Santa Ana herein referred to after as “City” responses to the Agreed Upon Procedures report (“AUP”) of the Measure M2 Senior Mobility Program (“SMP”) for the fiscal year-ended June 30, 2015.

#6 Management Response:

(a):

The City is committed to providing its seniors the opportunity to enjoy mobility through its various transportation program in compliance with existing and future rules and regulations as required by the Senior Mobility Program (“SMP”).

In accordance with the SMP requirements, the City has submitted monthly reports to OCTA evidencing the usage of funds including the expenditures in question as noted in this report. However during this filing process no communication was received by the City from OCTA that the expenditures in question are unallowable as described in the agreed upon scope of work.

If communication was provided by OCTA to the City, the issue would have been immediately reviewed and rectified or clarification would have been requested. Please note program expenditures were reviewed during the most recently completed examination of the program (fiscal year 2012) however the City was also not notified of non-compliance with the agreed upon scope of work.

(b):

As previously described the City seeks to adhere to the program’s existing rules and regulations. However, the City was not provided by OCTA specific guidelines related to record retention. Going forward the City has communicated to its affected Departments records should be retained for a period of five years, in turn they would become available for inspection by OCTA or its designee.

SANTA ANA CITY COUNCIL

Miguel A. Pulido Mayor <a href="mailto:mpulido@santa-ana.org">mpulido@santa-ana.org</a>	Vincent F. Sarmiento Mayor Pro Tem, Ward 1 <a href="mailto:vsarmiento@santa-ana.org">vsarmiento@santa-ana.org</a>	Michele Martinez Ward 2 <a href="mailto:mmartinez@santa-ana.org">mmartinez@santa-ana.org</a>	Angelica Amezcua Ward 3 <a href="mailto:aamezcua@santa-ana.org">aamezcua@santa-ana.org</a>	P. David Benavides Ward 4 <a href="mailto:dbenavides@santa-ana.org">dbenavides@santa-ana.org</a>	Roman Reyna Ward 5 <a href="mailto:rreyna@santa-ana.org">rreyna@santa-ana.org</a>	Sal Tinajero Ward 6 <a href="mailto:stinajero@santa-ana.org">stinajero@santa-ana.org</a>
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(c):

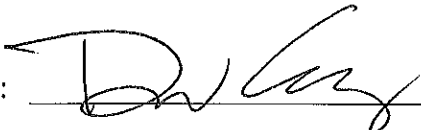
All employees listed are assigned to the Senior Transportation program and their time is fully charged to the grant via timesheets. Based on the City's interpretation of the SOW, the City asserts that the transportation services provided complied with the Agreement and payroll charges of the employees tested were eligible expenditures.

Going forward, the City will retain records for a period of five years.

#10 Management Response:

The monthly SMP reports that were submitted with discrepancies were due to the fact that program related expenses for said months were not charged or paid for until after the report was submitted. The City is making every effort to pay all program related expenses within the reporting period and will send a revised report if need be in the future. The reports that were not submitted within the 30 days were a result of the transitioning of program supervision and or staff shortages causing delays in the report being completed and submitted on time.

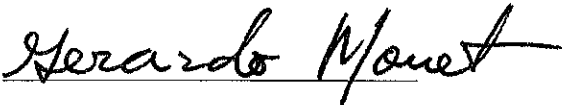
As of July 1, 2015, staff are assigned as back-ups to the program supervisor to ensure that reports are submitted on time. In addition, the City will send a preliminary report by the due date and submit the final revised report once completed after the fact if need be.

Signature: 

Title: City Manager

Signature: 

Title: Executive Director of Finance and Management Services Agency

Signature: 

Title: Executive Director of Parks, Recreation and Community Services Agency