

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 SENIOR MOBILITY PROGRAM

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2017

**ORANGE COUNTY LOCAL
TRANSPORATION AUTHORITY**

MEASURE M2 SENIOR MOBILITY PROGRAM

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2017

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, 2017. Please refer to the individual divider tab for our report on each Agency.

City of Buena Park

City of Costa Mesa

City of Laguna Niguel

City of Laguna Woods

City of San Clemente

City of San Juan Capistrano



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

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) (the specified party), on the City of Buena Park's (City) compliance with certain provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended June 30, 2017. 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. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. 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 and associated findings 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.

Findings: No exceptions were found as a result of this procedure.

2. We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings: The City's expenditures are tracked in the general ledger by fund, sub-project and object. The City records its Senior Mobility Program expenditures in its General Fund (11) Activity 275325 Senior Mobility Program. During the year ended June 30, 2017, the City reported total program expenditures of \$112,297, which included the City's match. The City reported \$72,079 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

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 fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings: The City received \$209,492 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The City had \$0 remaining fund balance as of June 30, 2017, which agreed to the City's Expenditure Report (Schedule 1, line 24).

The City received \$72,079 during the fiscal year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

4. We reviewed the City's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 8 – Project U), explaining any differences.

Findings: The City reported \$0 of interest income for the year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). Additionally, we inquired of City personnel regarding fare collection methodologies. The City did not charge fares for senior transportation services during the year. No exceptions were found as a result of this procedure.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total expenditures for the fiscal year ended June 30, 2017.

Findings: The total match expenditures amounted to \$40,218 which is approximately 36% of the total expenditures of \$112,297. No exceptions were found as a result of this procedure.

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

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

Findings: Measure M2 Senior Mobility Program expenditures tested totaled \$47,465 representing approximately 42% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Upon registration, the City reviews and validates date of birth documented on registration forms, to ensure participants are 60 years of age or older. No exceptions were found as a result of this procedure.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges, and have described the dollar and percentage tested. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, no indirect costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were identified as a result of this procedure.

9. We determined if the City contracts with a third party service provider to provide 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.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City personnel, the City did not contract with a third party service provider for senior transportation service. No exceptions were found as a result of this procedure.

10. We obtained the proof of insurance coverage for the City's Contractor and performed the following:

- a. Inspected the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
- b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Findings: We obtained and inspected the insurance coverage for the City, identifying that the requirements established by the Cooperative Agreement were met. Additionally, the current year proof of insurance was submitted and is on file with OCLTA. No exceptions were identified as a result of this procedure.

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

Findings: We sampled four monthly summary reports (August 2016, November 2016, February 2017, and June 2017). Through inspection of the four reports, expenditures did not agree to the general ledger balances as shown below. Total expenditures for the year were under reported by \$12,877, or 11% of the actual general ledger balances.

Reporting Month	Total OCTA and City Contribution	Amount per City's General Ledger	Variance Over (under)
August 2016	\$8,297	\$6,933	\$1,363
November 2016	8,493	9,453	(960)
February 2017	8,620	8,154	466
June 2017	8,308	11,264	(2,956)

In addition, three of four reports were timely submitted within 30 days of month end to OCLTA. The August 2016 summary report was submitted on September 30, 2016 to the incorrect email address, and resubmitted to the correct email address on October 3, 2016. No other exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. 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.

Vavriach Train, Dwyer & Co., LLP

Laguna Hills, California
March 12, 2018



FINANCE DEPARTMENT

March 12, 2018

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 Buena Park as of and for the fiscal year ended June 30, 2017.

Procedure #11

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

Findings

We sampled four monthly summary reports (August 2016, November 2016, February 2017, and June 2017). Through inspection of the four reports, expenditures did not agree to the general ledger balances as shown below. Total expenditures for the year were under reported by \$12,877, or 11% of the actual general ledger balances.

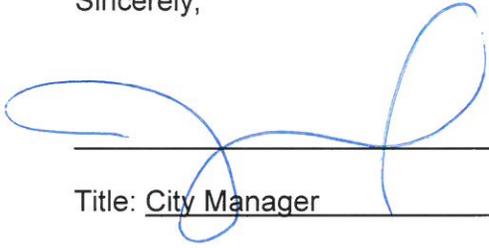
Reporting Month	Total OCTA and City Contribution	Amount per City's General Ledger	Variance Over (under)
August 2016	\$8,297	\$6,933	\$1,363
November 2016	8,493	9,453	(960)
February 2017	8,620	8,154	466
June 2017	8,308	11,264	(2,956)

In addition, three of four reports were timely submitted within 30 days of month end to OCLTA. The August 2016 summary report was submitted on September 30, 2016 to the incorrect email address, and resubmitted to the correct email address on October 3, 2016. No other exceptions were found as a result of this procedure.

City's Response:

The City's Community Services Department staff will reconcile monthly reports to City's general ledger before submitting them to OCTA. Staff will also request a delivery and read receipts when submitting reports via email, so staff would be notified if reports do not get properly delivered and resend it again in a timely fashion.

Sincerely,



Title: City Manager



Title: Director of Finance



Title: Director of Community Services



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

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) (the specified party), on the City of Costa Mesa's (City) compliance with certain provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended June 30, 2017. 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. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. 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 and associated findings 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.

Findings: No exceptions were found as a result of this procedure.

2. We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings: The City's expenditures are tracked in the general ledger by fund, department, program and object. The City records its Senior Mobility Program expenditures in its General Fund (101), Recreation Department (org #14300), Senior Center (program #40231), under Recreation Rental (object #535403). Payroll expenditures are tracked under Object #501201 (Management) and Object #501202 (Non-management). Vehicle expenses are tracked under Object #536101 (Internal Rent – Maintenance Charges). During the year ended June 30, 2017, the City reported total program expenditures of \$113,077, which included the City's match. The City reported \$86,460 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

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 fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings: The City received \$251,227 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The City had \$0 remaining fund balance as of June 30, 2017, which agreed to the City's Expenditure Report (Schedule 1, line 24).

The City received \$86,439 during the fiscal year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

4. We reviewed the City's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 8 – Project U), explaining any differences.

Findings: The City reported \$21 of interest income for the year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

Additionally, we inquired of the City's fare collection methodology. The City and the third party contractor did not charge or collect fares for the senior transportation program during the year. No exceptions were found as a result of this procedure.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total expenditures for the fiscal year ended June 30, 2017.

Findings: The total match expenditures amounted to \$26,617 which is approximately 24% of the total expenditures of \$113,077. No exceptions were found as a result of this procedure.

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

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

Findings: Measure M2 Senior Mobility Program expenditures tested totaled \$88,676 representing approximately 78% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. Per inspection of supporting documentation, the City paid \$88,183 to Keolis Transit Services (DBA Western Transit Systems) for taxi services. Per inspection of the agreement with Western Transit Systems, the City pays an hourly rate based on "Vehicle Service Hours". Per inspection of the invoices and the related service trip logs for each month, we identified differences between service hours billed on invoices of \$88,183 compared to supporting trip logs service hours of \$81,386. This resulted in payments of \$6,798 in excess of supported trip log hours. No other exceptions were found as a result of this procedure.

7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Upon registration, the City inspects and verifies date of birth documented on registration forms, to ensure participants are 60 years of age or older. No exceptions were found as a result of this procedure.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges, and have described the dollar and percentage tested. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, no indirect costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

9. We determined if the City contracts with a third party service provider to provide 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.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with one third party service provider, Keolis Transit Services (DBA Western Transit Systems), to provide senior transportation services under the Senior Mobility Program. The City has contracted with Western Transit Systems since October 1, 2011. According to City staff, the procurement in 2011 relied upon a competitive process conducted by the City of Seal Beach; however, the City did not have evidence of bidding documentation for that procurement and, because the services differed, the rates provided to the City were not the same as the rates provided to Seal Beach. The contract was originally executed for a three year term with one, two year option term; however the City amended the contract in October 2016 to extend the term to December 31, 2016 and in January 2017, the City amended the contract again to extend the term six months to June 30, 2017.

The City maintains wheelchair accessible vehicles, which are used by Western Transit Systems for service. No other exceptions were found as a result of this procedure.

10. We obtained the proof of insurance coverage for the City's Contractor and performed the following:
 - a. Inspected the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
 - b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with one third party service provider, Keolis Transit Services (DBA Western Transit Systems), to provide transportation services under the Senior Mobility Program. We obtained and inspected the insurance coverage for Keolis Transit Services, and verified the requirements established in the Cooperative Agreement were met.

The current year proof of insurance for the City and the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

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

Findings: Through inspection of a sample of four of the City's monthly summary reports, the City's monthly expenditures did not agree to supporting documentation as shown below:

Reporting Month	Amount Reported as Monthly Costs	Amount per City's General Ledger	Variance
February-17	\$ 9,322	\$ 9,288	\$ 34

In addition, three of the four reports were submitted timely to OCLTA within 30 days of month end. Per discussion with City personnel, OCLTA approved an extension for the July 2016 report due to the implementation of the new reporting form. We verified that the City submitted the fourth report within the revised approved deadline. Aside from the variance identified above, no other exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. 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
March 12, 2018



CITY OF COSTA MESA

P.O. Box 1200, COSTA MESA, CALIFORNIA 92628-1200

PARKS & COMMUNITY SERVICES DEPARTMENT

March 12, 2018

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 Costa Mesa as of and for the fiscal year ended June 30, 2017.

Procedure #6

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

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

Findings

Measure M2 Senior Mobility Program expenditures tested totaled \$88,676 representing approximately 78% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. Per inspection of supporting documentation, the City paid \$88,183 to Keolis Transit Services (DBA Western Transit Systems) for taxi services. Per inspection of the agreement with Western Transit Systems, the City pays an hourly rate based on "Vehicle Service Hours". Per inspection of the invoices and the related service trip logs for each month, we identified differences between service hours billed on invoices of \$88,183 compared to supporting trip logs service hours of \$81,386. This resulted in payments of \$6,798 in excess of supported trip log hours. No other exceptions were found as a result of this procedure.



CITY OF COSTA MESA

P.O. Box 1200, COSTA MESA, CALIFORNIA 92628-1200

PARKS & COMMUNITY SERVICES DEPARTMENT

City's Response:

The City of Costa Mesa had two separate billing agreements with Keolis/Western Transit. The first, for the Senior Mobility Program (SMP) was charged at 9.0 hours/day. This was standard, and after communicating with Keolis/Western Transit, they stated that each day was billed at 9.0 hours, per the agreement, regardless of actual numbers of hours in service.

When the City submitted an RFP for the new contract in April/May 2017, this was specifically outlined in the Scope of Work and charges for the program accurately reflect the number of hours of service that are provided. The issue has been rectified and staff verify that all documents match the number of hours the service is being provided. Staff proactively ensured that this issue was addressed when the new agreement was implemented on July 1, 2017.

Procedure #9

We determined if the City contracts with a third party service provider to provide 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.

Findings

Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with one third party service provider, Keolis Transit Services (DBA Western Transit Systems), to provide senior transportation services under the Senior Mobility Program. The City has contracted with Western Transit Systems since October 1, 2011. According to City staff, the procurement in 2011 relied upon a competitive process conducted by the City of Seal Beach; however, the City did not have evidence of bidding documentation for that procurement and, because the services differed, the rates provided to the City were not the same as the rates provided to Seal Beach. The contract was originally executed for a three year term with one, two year option term; however the City amended the contract in October 2016 to extend the term to December 31, 2016 and in January 2017, the City amended the contract again to extend the term six months to June 30, 2017.

The City maintains wheelchair accessible vehicles, which are used by Western Transit Systems for service. No other exceptions were found as a result of this procedure.



CITY OF COSTA MESA

P.O. Box 1200, COSTA MESA, CALIFORNIA 92628-1200

PARKS & COMMUNITY SERVICES DEPARTMENT

City's Response:

The Costa Mesa Senior Center, prior to September 2014, was under the operation of a non-profit corporation, and was partially subsidized by the City of Costa Mesa. When the City assumed responsibility of the programs and services, there was a transitional period where City staff began to put policies and procedures in place to efficiently operate the Senior Mobility Program; however, because the City was partially involved in the procurement process for this service, and paperwork was maintained by the non-profit agency, the documents to support the co-op agreement with Seal Beach are not on record for the City.

The City of Costa Mesa competitively procured services for this program in April/May 2017 and City Council approved a new contract in June 2017 for the term beginning July 1, 2017. Since the City is now overseeing and operating the Costa Mesa Senior Center, the procurement was completed in a competitive manner and all supporting documents are now on file with the City of Costa Mesa Finance Department/Purchasing.

Procedure #11

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

Findings

Through inspection of a sample of four of the City's monthly summary reports, the City's monthly expenditures did not agree to supporting documentation.

Reporting Month	Amount Reported as Monthly Costs	Amount per City's General Ledger	Variance
February-17	\$ 9,322	\$ 9,288	\$ 34

In addition, three of the four reports were submitted timely to OCLTA within 30 days of month end. Per discussion with City personnel, OCLTA approved an extension for the July 2016 report due to the implementation of the new reporting form. We verified that the City submitted the fourth report within the revised approved deadline. No exceptions were found as a result of this procedure.

City's Response:

There was a misinterpretation of how to present the total Senior Mobility Program expenditures for the month of February 2017, which was found during the monthly reporting for May 2017; therefore, the report



CITY OF COSTA MESA

P.O. Box 1200, COSTA MESA, CALIFORNIA 92628-1200

PARKS & COMMUNITY SERVICES DEPARTMENT

reflected a difference of \$34. In the future, a more thorough review process will be completed to agree the general ledger expenditures to the Monthly Summary Report prior to submission to OCTA.

Sincerely,



Title: City Manager



Title: Director of Finance



Title: Director of Parks and Community Services



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

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) (the specified party), on the City of Laguna Niguel's (City) compliance with certain provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended June 30, 2017. 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. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. 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 and associated findings 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.

Findings: No exceptions were found as a result of this procedure.

2. We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings: The City's expenditures are tracked in the general ledger by fund, sub-project and object. The City records its Senior Mobility Program expenditures in Senior Transportation Special Revenue Fund (253) under the Public Service Organization Grants (account #5560). During the year ended June 30, 2017, the City incurred total program expenditures of \$69,396, which included \$11,104 as the City's General Fund match and \$13,878 match by the City's third party contractor. The M2 funded portion of \$44,414 is different from the M2 Expenditure Report (Schedule 2, line 21 for Project U) of \$55,517, a difference of \$11,104. The City included portions of the match on the expenditure report. No other exceptions were found as a result of this procedure.

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 fund balance of the City’s Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City’s Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings: The City received \$213,435 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Senior Mobility Program (M2)	\$ 73,436
2015/2016	Senior Mobility Program (M2)	\$ 11,917

We compared the fund balance of \$85,353 from the general ledger to the fund balance reported in the City’s Expenditure Report (Schedule 1, line 24) of \$55,961, identifying a difference of \$29,392.

The City received \$73,436 during the fiscal year ended June 30, 2017 which agreed to the City’s Expenditure Report (Schedule 2, Line 8 for Project U). Aside from the items described in the previous paragraph, no other exceptions were found as a result of this procedure.

4. We reviewed the City’s interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City’s Expenditure Report (Schedule 2, line 8 – Project U), explaining any differences.

Findings: The City reported \$593 of interest income for the year ended June 30, 2017 which agreed to the City’s Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

Additionally, we inquired of City’s personnel regarding the fare collection methodology. The City and the third party contractor did not charge or collect fares for the senior transportation program during the year. No exceptions were found as a result of this procedure.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total expenditures for the fiscal year ended June 30, 2017.

Findings: The total match expenditures amounted to \$24,982 which is approximately 36% of the total expenditures of \$69,396. No exceptions were found as a result of this procedure.

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

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

Findings: Measure M2 Senior Mobility Program expenditures tested totaled \$42,797 representing approximately 62% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Upon registration, the third party contractor inspects and verifies date of birth documented on registration forms, to ensure participants are 60 years of age or older. Per inspection of the City's participant listing of approximately 100 registered participants, we identified one individual who was under the age of 60. The participant received services totaling \$1,686 throughout the year ended June 30, 2017. As a result of our discussions with management, the individual has been subsequently removed from the program. No other exceptions were found as a result of this procedure.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges, and have described the dollar and percentage tested. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, no indirect costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

9. We determined if the City contracts with a third party service provider to provide 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.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with Age Well Senior Services, to provide senior transportation services under the Senior Mobility Program. The City provided the latest executed contract with Age Well Senior Services, which was effective through June 30, 2013. The City was unable to provide support that Age Well Senior Services was competitively procured. Additionally, the City did not have a current executed contract for services provided during the fiscal year ended June 30, 2017. Per inspection of the last contract agreement effective through June 30, 2013, we did not find the language requiring that wheelchair accessible vehicles be made available and used as needed, however, Age Well's policies and procedures indicate wheelchair accessible vehicles are available.

10. We obtained the proof of insurance coverage for the City's Contractor and performed the following:
 - a. Inspected the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
 - b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Findings: Based on our inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with Age Well Senior Services, to provide transportation services under the Senior Mobility Program. We obtained and inspected the insurance coverage for Age Well Senior Services, and verified the requirements established in the Cooperative Agreement were met.

The current year proof of insurance for the City and the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

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

Findings: Through inspection of a sample of four of the City's monthly summary reports, the City's monthly expenditures agreed to supporting documentation, and reports were submitted to OCLTA within 30 days of month end. No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. 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
March 12, 2018



March 12, 2018

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 Laguna Niguel as of and for the fiscal year ended June 30, 2017.

Procedure #2

We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings:

The City's expenditures are tracked in the general ledger by fund, sub-project and object. The City records its Senior Mobility Program expenditures in Senior Transportation Special Revenue Fund (253) under the Public Service Organization Grants (account #5560). During the year ended June 30, 2017, the City incurred total program expenditures of \$69,396, which included \$11,104 as the City's General Fund match and \$13,878 match by the City's third party contractor. The M2 funded portion of \$44,414 is different from the M2 Expenditure Report (Schedule 2, line 21 for Project U) of \$55,517, a difference of \$11,104. The City included portions of the match on the expenditure report. No other exceptions were found as a result of this procedure.

City's Response:

The City correctly accounted for Measure M2 Senior Mobility Program funded expenditures in the City's general ledger, however, a clerical error was made in that the General Fund portion of expenditures (the City's match) were inadvertently included in the M2 Expenditure Report. For the City's Fiscal Year 2017-2018 M2 Expenditure Report, a more thorough review process will be completed to agree the general ledger for the Senior Transportation Special Revenue Fund to the M2 Expenditure Report prior to submittal to OCTA.

Procedure #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 fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings:

The City received \$213,435 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Senior Mobility Program (M2)	\$ 73,436
2015/2016	Senior Mobility Program (M2)	\$ 11,917

We compared the fund balance of \$85,353 from the general ledger to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$55,961, identifying a difference of \$29,392.

The City received \$73,436 during the fiscal year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). Aside from the items described in the previous paragraph, no other exceptions were found as a result of this procedure.

City's Response:

The City correctly accounted for Measure M2 Senior Mobility Program activity in the City's general ledger, however, the beginning fund balance in the M2 Expenditure Report did not agree to the general ledger. Due to the change in the format of the M2 Expenditure Report for Fiscal Year 2016-17, the beginning balance is now to be broken out for Senior Mobility Program activity. There was a misinterpretation of how to present the beginning balance activity in the M2 Expenditure Report, therefore, the report reflected an incorrect amount. For the City's Fiscal Year 2017-2018 M2 Expenditure Report, a more thorough review process will be completed to agree the general ledger for the Senior Transportation Special Revenue Fund to the M2 Expenditure Report prior to submittal to OCTA, including the beginning fund balance.

Procedure #7

We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings:

We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Upon registration, the third party contractor inspects and verifies date of birth documented on registration forms, to ensure participants are 60 years of age or older. Per inspection of the City's participant listing of approximately 100 registered participants, we identified one individual who was under the age of 60. The participant received services totaling \$1,686 throughout the year ended June 30, 2017. As a result of our discussions with management, the individual has been subsequently removed from the program. No other exceptions were found as a result of this procedure.

City's Response:

The ineligible individual was admitted to the Senior Mobility Program under the previous Age Well program administration. When the City of Laguna Niguel took over the direct administration of the Senior Mobility Program in Fiscal Year 2017-18, all individuals that were being served under Age Well were grandfathered into the new program management. Going forward from Fiscal Year 2017-18, all Senior Mobility Program applications are individually reviewed and birthdates are verified to meet the age requirement.

The ineligible individual received services for a total cost of \$1,686.00 in FY 2016-17. The City will reimburse the Senior Mobility Program for the applicable Senior Mobility Program funding that was incorrectly used on an ineligible individual by transferring the funds from General Fund into the Senior Transportation Special Revenue Fund.

Procedure #9

We determined if the City contracts with a third party service provider to provide 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.

Findings:

Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with Age Well Senior Services, to provide senior transportation services under the Senior Mobility Program. The City provided the latest executed contract with Age Well Senior Services, which was effective through June 30, 2013. The City was unable to provide support that Age Well Senior Services was competitively procured. Additionally, the City did not have a current executed contract for services provided during the fiscal year ended June 30, 2017. Per inspection of the last contract agreement effective through June 30, 2013, we did not find the language requiring that wheelchair accessible vehicles be made available and used as needed, however, Age Well's policies and procedures indicate wheelchair accessible vehicles are available.

City's Response:

In May of 2017, the City issued a Request for Proposals to seek qualified companies to provide transportation for the Senior Mobility Program. In June of 2017, the City Council approved an agreement with California Yellow Cab, a qualified transportation operator who proved to be able to meet the requirements of the City and OCTA for the Senior Mobility Program. On July 1, 2017, the City transitioned to California Yellow Cab with a three year agreement for services, with the option for two, one year extensions. The City now has a designated employee (Coordinator) to administer the program including accepting and qualifying Senior Mobility Program applications, payments, OCTA monthly reporting, and they will work directly with California Yellow Cab to oversee the program details and ensure compliance with the guidelines set forth by OCTA.

Sincerely,



Title: Kristine Ridge, City Manager



Title: Stephen Erlandson, Director of Finance



Title: Alison Giglio, Director of Parks & Recreation



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

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) (the specified party), on the City of Laguna Woods' (City) compliance with certain provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended June 30, 2017. 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. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. 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 and associated findings 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.

Findings: No exceptions were found as a result of this procedure.

2. We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings: The City's expenditures are tracked in the general ledger by fund and object. The City records its Senior Mobility Program expenditures in its Senior Mobility Fund (410) under Contract – Transportation (object #7460), Contract – Taxi Voucher NEMT (object #7465) and Printing-Senior Mobility (object #6175). During the year ended June 30, 2017, the City reported total program expenditures of \$307,664, which included the City's match. The City reported \$85,415 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds of \$176,915 and OCTA supplemental SMP funds of \$45,334. No exceptions were found as a result of this procedure.

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 fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings: The City received \$248,027 for the past three fiscal years ended June 30, 2015, 2016 and 2017. The City had \$0 remaining fund balance as of June 30, 2017, which agreed to the City's Expenditure Report (Schedule 1, line 24).

The City received \$85,338 during the fiscal year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

4. We reviewed the City's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 8 – Project U), explaining any differences.

Findings: The City reported \$77 of interest income for the year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

Additionally, we inquired of the City's fare collection methodology. Fares are collected by City Hall through the sale of taxi vouchers. Fare revenues are tracked in the City's general ledger within the Senior Mobility Fund (410), under the Taxi Voucher Sales Object Code (3275). During the year, the City collected \$114,713, which was used as part of the City's match. No exceptions were found as a result of this procedure.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total expenditures for the fiscal year ended June 30, 2017.

Findings: The total match expenditures amounted to \$176,915 which is approximately 58% of the total expenditures of \$307,664. No exceptions were found as a result of this procedure.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City's general ledger expenditure detail, and have described the percentage selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: Measure M2 Senior Mobility Program expenditures tested totaled \$147,141 representing approximately 48% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Upon registration, the City reviews and validates date of birth documented on registration forms, to ensure participants are 60 years of age or older. No exceptions were found as a result of this procedure.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges, and have described the dollar and percentage tested. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and review of the general ledger expenditure detail, no indirect costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were identified as a result of this procedure.

9. We determined if the City contracts with a third party service provider to provide 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.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with one third party service provider, California Yellow Cab, to provide senior transportation services under the Senior Mobility Program. We verified that California Yellow Cab was selected using a competitive procurement process through inspection of the City's Request for Proposal, bidding documents, and the executed agreement with California Yellow Cab. Per inspection of the contract agreement, we verified that wheelchair accessible vehicles are available and used as needed, with the contract requiring at least five vehicles "which shall be vans equipped with wheelchair lifts that are capable of transporting four or more passengers". The agreement further requires that California Yellow Cab is "required to meet demand without interruption". No exceptions were found as a result of this procedure.

10. We obtained the proof of insurance coverage for the City's Contractor and performed the following:
 - a. Inspected the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
 - b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Findings: Based on our inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with one third party service provider, California Yellow Cab, to provide transportation services under the Senior Mobility Program. We obtained and inspected the insurance coverage for California Yellow Cab, and verified the requirements established in the Cooperative Agreement were met.

The current year proof of insurance for the City and the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

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

Findings: Through inspection of a sample of four of the City's monthly summary reports, the City's monthly expenditures agreed to supporting documentation, and two of the four reports were submitted to OCLTA within 30 days of month end. Per discussion with City personnel, the City obtained approval for an extension of the July 2016 and November 2016 monthly reports. We verified that the City submitted the reports within the revised and approved deadlines. For the June 2017 summary report, the City made a preliminary submission within 30 days of month end and later submitted a revised report. No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of 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
March 12, 2018



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

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) (the specified party), on the City of San Clemente's (City) compliance with certain provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended June 30, 2017. 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. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. 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 and associated findings 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.

Findings: No exceptions were found as a result of this procedure.

2. We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings: The City's expenditures are tracked in the general ledger by fund, sub-project and object. The City records its Senior Mobility Program expenditures in its Gas Tax Fund (012) under OCTA Senior Center Transportation (account #861-447723). During the year ended June 30, 2017, the City incurred total program expenditures of \$82,934, which included \$14,590 as the City's General Fund match and \$16,587 match by the City's third party contractor. The M2 funded portion of \$51,757 is different from the M2 Expenditure Report (Schedule 2, line 21 for Project U) of \$66,347, a difference of \$14,590. The City had included portions of the match on the expenditure report as M2 funded expenditures. No other exceptions were found as a result of this procedure.

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 fund balance of the City’s Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City’s Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings: The City received \$208,402 for the past three fiscal years ended June 30, 2015, 2016 and 2017. No exceptions were found as a result of this procedure. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Senior Mobility Program (M2)	\$ 15,735

We compared the fund balance of \$15,735 to the City’s Expenditure Report (Schedule 1, line 24), with no differences.

The City received \$71,704 during the fiscal year ended June 30, 2017 which agreed to the City’s Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

4. We reviewed the City’s interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City’s Expenditure Report (Schedule 2, line 8 – Project U), explaining any differences.

Findings: The City reported \$800 of interest income for the year ended June 30, 2017 which agreed to the City’s Expenditure Report (Schedule 2, Line 8 for Project U). No exceptions were found as a result of this procedure.

Additionally, we inquired of the City personnel regarding fare collection methodology. The City and the third party contractor did not charge or collect fares for the senior transportation program during the year. No exceptions were found as a result of this procedure.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total expenditure for the fiscal year ended June 30, 2017.

Findings: The total match expenditures amounted to \$31,177 which is approximately 38% of the total expenditures of \$82,934. No exceptions were found as a result of this procedure.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City’s general ledger expenditure detail, and have described the percentage selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: Measure M2 Senior Mobility Program expenditures tested totaled \$61,191 representing approximately 74% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. The third party contractor registers senior participants, but relies on date of birth provided at registration on the application.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges, and have described the dollar and percentage tested. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, no indirect costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were identified as a result of this procedure.

9. We determined if the City contracts with a third party service provider to provide 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.

Findings: Per inquiry with City management and inspection of related council agenda items, the City competitively procured a contract with Age Well Senior Services (Age Well) to provide senior transportation services under the Senior Mobility Program. The contract originally executed allowed for only a three year initial term and one, two year option term through June 30, 2016. In May 2016, the City prepared an agenda report requesting City Council approval to contract with Age Well for another five years, stating that, "OCTA is giving cities the option to enter into a five-year renewal with their paratransit service providers"; however, the City could not provide documentation to support this statement. Further, OCLTA asserted that no such direction was provided by program staff.

We verified that wheelchair accessible vehicles are available and used as needed, the City included the Project U Program Guidelines as part of the amended contract. No other exceptions were found as a result of this procedure.

10. We obtained the proof of insurance coverage for the City's Contractor and performed the following:
 - a. Inspected the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
 - b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with Age Well Senior Services to provide transportation services under the Senior Mobility Program. We obtained and inspected the insurance coverage for Age Well Senior Services, and verified the requirements established in the Cooperative Agreement were met.

The current year proof of insurance for the City and the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

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

Findings: Through inspection of a sample of four of the City’s monthly summary reports, the City’s monthly expenditures agreed to supporting documentation, however the total match reported on the monthly report did not agree to the general ledger detail.

<u>Reporting Month</u>	<u>OCTA Contribution</u>	<u>In-Kind Contribution (Included on Monthly Reports)</u>	<u>City Match (Excluded from Monthly Report)</u>
August 2016	6,093	1,523	1,216
December 2016	5,695	1,424	1,216
January 2017	5,343	1,336	1,216
April 2017	5,250	1,312	1,216

Through inspection of four of the City’s monthly summary reports, all reports were submitted to OCLTA within 30 days of month end. No other exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. 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.

Vavinich Train, Day & Co, LLP

Laguna Hills, California
March 12, 2018



March 12, 2018

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 San Clemente as of and for the fiscal year ended June 30, 2017.

Procedure #2

We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings:

The City's expenditures are tracked in the general ledger by fund, sub-project and object. The City records its Senior Mobility Program expenditures in its Gas Tax Fund (012) under OCTA Senior Center Transportation (account 012-861-44723). During the year ended June 30, 2017, the City incurred total program expenditures of \$82,934, which included \$14,590 as the City's General Fund match and \$16,587 match by the City's third party contractor. The M2 funded portion of \$51,757 is different from the M2 Expenditure Report (Schedule 2, line 21 for Project U) of \$66,347, a difference of \$14,590. The City had included portions of the match on the expenditure report as M2 funded expenditures. No other exceptions were found as a result of this procedure.

City's Response:

Due to staff turnover, the City will identify and direct an individual to become familiar with the reporting and tracking of costs related to this program.

Procedure #7

We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings:

We inquired of management as to the procedures used to ensure services are provided only to eligible participants. The third party contractor registers senior participants, but relies on date of birth provided at registration on the application.

City's Response:

Due to staff turnover, the City will identify and direct an individual to become familiar with the reporting and tracking of costs related to this program.

Procedure #9

We determined if the City contracts with a third party service provider to provide 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.

Findings:

Per inquiry with City management and inspection of related council agenda items, the City competitively procured a contract with Age Well Senior Services (Age Well) to provide senior transportation services under the Senior Mobility Program. The contract originally executed allowed for only a three year initial term and one, two year option term through June 30, 2016. In May 2016, the City prepared an agenda report requesting City Council approval to contract with Age Well for another five years, stating that, "OCTA is giving cities the option to enter into a five-year renewal with their paratransit service providers"; however, the City could not provide documentation to support this statement. Further, OCTA asserted that no such direction was provided by program staff.

We verified that wheelchair accessible vehicles are available and used as needed, the City included the Project U Program Guidelines as part of the amended contract. No other exceptions were found as a result of this procedure.

City's Response:

The City will conduct a Request for Proposal for current services at the beginning of FY 2018-19 (July 1, 2018.)

Procedure #11

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

Findings:

Through inspection of a sample of four of the City's monthly summary reports, the City's monthly expenditures agreed to supporting documentation, however the total match reported on the monthly report did not agree to the general ledger detail.

<u>Reporting Month</u>	<u>OCTA Contribution</u>	<u>In-Kind Contribution (Included on Monthly Reports)</u>	<u>City Match (Excluded from Monthly Report)</u>
August 2016	6,093	1,523	1,216
December 2016	5,695	1,424	1,216
January 2017	5,343	1,336	1,216
April 2017	5,250	1,312	1,216

Through inspection of four of the City's monthly summary reports, all reports were submitted to OCTA within 30 days of month end. No other exceptions were found as a result of this procedure.

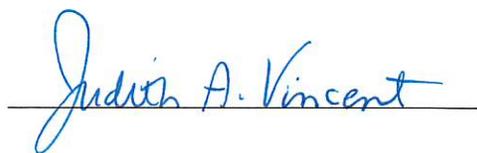
City's Response:

Due to staff turnover, the City will identify and direct an individual to become familiar with the reporting and tracking of costs related to this program.

Sincerely,



Title: Assistant City Manager



Title: Deputy Administrative Services Director



Title: Public Works Director



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES – CITY OF SAN JUAN CAPISTRANO**

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) (the specified party), on the City of San Juan Capistrano's (City) compliance with certain provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended June 30, 2017. 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. The sufficiency of these procedures is solely the responsibility of the Taxpayers Oversight Committee of the OCLTA. 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 and associated findings 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.

Findings: No exceptions were found as a result of this procedure.

2. We described which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2017. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, line 21 for Project U), explaining any differences.

Findings: The City's expenditures are tracked in the general ledger by fund, sub-project and object. The City records its Senior Mobility Program expenditures in the General Fund (1), Senior Nutrition Program (Cost Center 632), under Nutrition for Transportation (object #62511). During the year ended June 30, 2017, the City reported total program expenditures of \$66,134, which included the City's match. The City reported \$52,907 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

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 fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings: The City received \$132,973 for the past three fiscal years ended June 30, 2015, 2016 and 2017. No exceptions were found as a result of this procedure. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Senior Mobility Program (M2)	\$ 13,961

We compared the fund balance of \$13,961 to the City's Expenditure Report (Schedule 1, line 24), identifying a difference of \$130. The Expenditure Report Fund balance did not include \$130 of the interest allocated to the Senior Mobility Program.

The City received \$45,752 during the fiscal year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). Except for the item described in the above paragraph, no other exceptions were found as a result of this procedure.

4. We reviewed the City's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 8 – Project U), explaining any differences.

Findings: The City reported \$130 of interest income for the year ended June 30, 2017 which was not reflected on the City's Expenditure Report (Schedule 2, Line 8 for Project U).

We inquired about the City's fare collection methodology. The City and the third party contractor did not charge or collect fares for the senior transportation program during the year. Except for the item described above, no other exceptions were found as a result of this procedure.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total expenditures for the fiscal year ended June 30, 2017.

Findings: The total match expenditures amounted to \$13,227 which is approximately 20% of total expenditures of \$66,134. No exceptions were found as a result of this procedure.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City's general ledger expenditure detail, and have described the percentage selected for testing. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: Measure M2 Senior Mobility Program expenditures tested totaled \$48,883 representing approximately 74% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Upon registration, the City inspects and verifies the date of birth documented on registration forms, to ensure participants are 60 years of age or older. No exceptions were found as a result of this procedure.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges, and have described the dollar and percentage tested. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and inspection of the general ledger expenditure detail, no indirect costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2017. No exceptions were found as a result of this procedure.

9. We determined if the City contracts with a third party service provider to provide 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.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with one third party service provider, Age Well Senior Services, to provide senior transportation services under the Senior Mobility Program. We verified that Age Well Senior Services was selected using a competitive procurement process. Per inspection of the contract agreement we verified that wheelchair accessible vehicles are available and used as needed, as described in the contract. No exceptions were found as a result of this procedure.

10. We obtained the proof of insurance coverage for the City's Contractor and performed the following:

- a. Inspected the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
- b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Findings: Based on inspection of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with one third party service provider, Age Well Senior Services, to provide transportation services under the Senior Mobility Program. We obtained and inspected the insurance coverage for Age Well Senior Services, and verified the requirements established in the Cooperative Agreement were met.

The current year proof of insurance for the City and the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

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

Findings: Through inspection of a sample of four of the City’s monthly summary reports, the City’s monthly expenditures did not agree to supporting documentation, as shown below:

Reporting Month	Amount Reported as Monthly Costs	Amount per City’s General Ledger	Variance
December-16	\$ 4,312	\$ 4,714	\$ (402)
March-17	6,528	6,872	(344)
June-17	2,884	3,428	(544)

In addition, it was noted that only one of four reports were submitted to OCLTA within 30 days of month end, as required. The City submitted the August 2016 report on October 10, 2016, December 2016 report on February 3, 2017 and June 2017 report on August 4, 2017. No other exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. 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.

Vavrieh, Train, Day & Co., LLP

Laguna Hills, California
 March 12, 2018

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 PAM PATTERSON, ESQ.
 DEREK REEVE

March 12, 2018

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 San Juan Capistrano as of and for the fiscal year ended June 30, 2017.

Procedure #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 fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2017, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, line 24), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2017, we agreed to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U), explaining any differences.

Findings

The City received \$132,973 for the past three fiscal years ended June 30, 2015, 2016 and 2017. No exceptions were found as a result of this procedure. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2016/2017	Senior Mobility Program (M2)	\$ 13,961

We compared the fund balance of \$13,961 to the City's Expenditure Report (Schedule 1, line 24), identifying a difference of \$130. The Expenditure Report Fund balance did not include \$130 of the interest allocated to the Senior Mobility Program.

The City received \$45,752 during the fiscal year ended June 30, 2017 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). Except for the item described in the above paragraph, no other exceptions were found as a result of this procedure.

City's Response:

The City's Senior Mobility Program (SMP) revenues and expenditures are recorded in a separate cost center in the City's General Fund. However, interest income was not recorded in a separate cost center.

San Juan Capistrano: Preserving the Past to Enhance the Future



The interest earned for the SMP program was commingled in the City's General Fund interest income. As a result, the \$130 was not recorded in the City's M2 Expenditure Report for the Fiscal Year Ended June 30, 2017. The City began allocating interest on unspent SMP funds in a separate cost center (Cost Center No. 632) in Fiscal Year 2017-18. This interest income will be reported on the City's Annual M2 Expenditure Report that is submitted for the Fiscal Year Ended June 30, 2018.

Procedure #4

We reviewed the City's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 6 – Project U), explaining any differences.

Findings

The City reported \$130 of interest income for the year ended June 30, 2017 which was not reflected on the City's Expenditure Report (Schedule 2, Line 8 for Project U).

We inquired about the City's fare collection methodology. The City and the third party contractor did not charge or collect fares for the senior transportation program during the year. Except for the item described above, no other exceptions were found as a result of this procedure.

City's Response:

Refer to the response provided for Procedure #3.

Procedure #11

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

Findings

Through inspection of a sample of four of the City's monthly summary reports, we noted the City's monthly expenditures did not agree to supporting documentation, as follows:

Reporting Month	Amount Reported as Monthly Costs	Amount per City's General Ledger	Variance
December-16	\$ 4,312	\$ 4,714	\$ (402)
March-17	6,528	6,872	(344)
June-17	2,884	3,428	(544)

March 12, 2018
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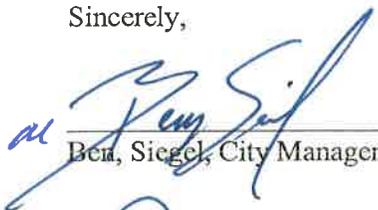
In addition, it was noted that only one of four reports were submitted to OCLTA within 30 days of month end, as required. The City submitted the August 2016 report on 10/10/2016, December 2016 report on 2/3/2017 and June 2017 report on 8/4/2017. No other exceptions were found as a result of this procedure.

City's Response:

Regarding the timeliness of the monthly reports, the City uses Age Well Senior Services as a sub-contractor for the transportation program, and must contribute information to the monthly summary reports before they can be submitted to OCLTA, any delays in receiving the initial reports from Age Well Senior Services results in delaying submittal of final reports to OCLTA. In an effort to prevent this from happening in the future, Age Well Senior Services has been directed to submit all future reports and invoices to the City no later than 21 days from month end. Age Well Senior Services has agreed to this protocol. This new practice will enable the City to review, complete, and submit the monthly summary reports to OCLTA within 30 days of month end, as required.

In addition, starting with the February 2018 monthly report, the Assistant Finance Director will review the amounts included on the monthly report to verify the amounts agree with the City's general ledger.

Sincerely,



Ben Siegel, City Manager



Ken Al-Imam, Chief Financial Officer



Jacob Green, Assistant City Manager
(overseeing the Community Services Department)



Dori Budde, Director of Community Services
(Department overseeing SMP)