



March 24, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Orange County Local Transportation Authority Measure M2
Agreed-Upon Procedures Reports, Year Ended June 30, 2020

Overview

Crowe LLP, an independent accounting firm, has applied agreed-upon procedures related to Measure M2 Local Fair Share funds provided to seven cities, Senior Mobility Program funds provided to six cities, and Senior Non-Emergency Medical Transportation funds provided to the County of Orange for the fiscal year ended June 30, 2020. Local Fair Share program reports include observations of ineligible maintenance of effort expenditures, misreporting of direct or indirect costs, misreporting of expenditures, and a funded project not reflected in the city's Seven-Year Capital Improvement Program plan. Senior Mobility Program reports include observations relating to late submission of a monthly report, third-party contracting, misreporting of expenditures, failure to allocate interest, and overcharge of administrative costs.

Recommendation

Direct staff to monitor implementation of corrective actions proposed by the cities.

Background

Annually, the Audit Subcommittee (Subcommittee) of the Taxpayer Oversight Committee selects a sample of local jurisdictions receiving Measure M2 (M2) funding for audit, to determine the local jurisdictions' level of compliance with provisions of the M2 Ordinance. For the fiscal year (FY) ended June 30, 2020, the Subcommittee selected seven cities for review of Local Fair Share (LFS) program funding, and six cities for review of Senior Mobility Program (SMP) funding. The County of Orange (County) was also selected for review of Senior

Non-Emergency Medical Transportation (SNEMT) program funding. The agreed-upon procedures (AUP) applied for these reviews were approved by the Subcommittee.

The LFS program is a formula-based allocation provided to eligible jurisdictions for use on allowable transportation planning and implementation activities. Since the LFS program is intended to augment, not replace, existing transportation expenditures, each jurisdiction is typically required to maintain a minimum level of local street and road expenditures to conform to a defined maintenance of effort (MOE) benchmark requirement. However, in response to the impacts of the coronavirus pandemic, the Board of Directors approved an amendment to the Orange County Local Transportation Authority M2 Ordinance to allow agencies to report actual MOE, which could be below the benchmark for FY 2019-20. Cities are required to submit copies of their Seven-Year Capital Improvement Plan, reflecting projects that will be funded with LFS.

The SMP funds local community transportation services for seniors. This program provides up to 80 percent of the funding for these services, and participating local jurisdictions provide a 20 percent match. Seniors must be age 60 or older to be eligible to participate in the program. A cooperative agreement, along with a written service plan, is executed between the local jurisdiction and OCLTA, to outline requirements of the program and to describe services to be provided. Consistent with the program guidelines, cities are required to submit monthly SMP activity reports within 30 days of month end.

The SNEMT program supplements existing countywide services that are funded with Tobacco Settlement Revenues (TSR). Since the SNEMT program is intended to supplement, not replace, existing TSR expenditures, the County is required to allocate the same percentage of TSR funding that was allocated in November 2006. A cooperative agreement between the County and OCLTA outlines program requirements. Through the terms of this agreement, the County is required to submit quarterly SNEMT activity reports within 45 days of quarter end.

All M2 revenues, interest earned on net revenues, expenditures, and expenditures of earned interest are required to be reflected on an annual expenditure report. The expenditure report requires certification by the respective city's finance director and must be adopted by the city council and filed with OCLTA within six months of FY end.

Discussion

Crowe LLP (auditors), conducted interviews of city finance and program-related staff, and applied the AUP, including testing of expenditures for compliance with

program requirements, review of indirect costs for adequate support and reasonableness, testing to ensure allocation of interest, and testing of annual expenditure reports for accuracy.

AUP: LFS Program Funds

The auditors examined the cities of Brea, Costa Mesa, Laguna Hills, Lake Forest, La Palma, Placentia, and Tustin. No observations resulted from the audit of the City of Lake Forest.

At two cities, the auditors identified expenditures that were not properly classified as MOE expenditures. At six cities, the auditors identified reporting errors related to amounts reported on the cities' expenditure reports and at one city, LFS expenditures were charged to a project not listed on the city's Seven-Year Capital Improvement Project program report.

A summary of all findings and city management responses can be found in Attachment A, and the detailed reports, along with written management letters, can be found at Attachment B.

AUP: SMP Funds

The auditors examined the cities of Brea, Cypress, Costa Mesa, Laguna Hills, Placentia, and Stanton. No observations resulted from the audits of the cities of Costa Mesa, Cypress, and Stanton.

Two cities failed to allocate and report interest to the SMP program. One city continued to utilize a third party to provide senior transportation services under an agreement that was effective for the calendar year 2014, and one subsequent year. Another city overcharged the SMP program for indirect/administrative costs, misreported total SMP expenditures on its expenditure report, and submitted one monthly report late.

A summary of all findings and city management responses can be found at Attachment C, and the detailed reports, along with written management letters, can be found at Attachment D.

AUP: SNEMT Program Funds

No observations resulted from the audit of the County.

The detailed report can be found at Attachment E.

Summary

The auditors have completed AUP related to M2 LFS, SMP, and SNEMT funds provided to nine cities and the County, for the FY ended June 30, 2020.

Attachments

- A. Summary of Agreed-Upon Procedures Reports Orange County Local Transportation Authority Measure M2 Local Fair Share for the Year Ended June 30, 2020
- B. Orange County Local Transportation Authority Measure M2 Local Fair Share Agreed-Upon Procedures Reports Year Ended June 30, 2020
- C. Summary of Agreed-Upon Procedures Reports Orange County Local Transportation Authority Measure M2 Senior Mobility Program for the Year Ended June 30, 2020
- D. Orange County Local Transportation Authority Measure M2 Senior Mobility Program Agreed-Upon Procedures Reports Year Ended June 30, 2020
- E. Orange County Local Transportation Authority Measure M2 Senior Non-Emergency Medical Transportation Program Agreed-Upon Procedures Report, County of Orange, Year Ended June 30, 2020

Authorized by:



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

SUMMARY OF AGREED-UPON PROCEDURES REPORTS
Orange County Local Transportation Authority
Measure M2 Local Fair Share for the Year Ended June 30, 2020

City	Result	City Management Response
Brea	The City of Brea's (Brea) expenditure report reflected \$0 in indirect costs charged as maintenance of effort (MOE) expenditures; however, testing identified indirect expenditures were charged to the MOE.	Brea has learned as part of this review that certain staff costs should be considered indirect, due to the manner in which the costs are charged to the program. Brea now has clarification on how these costs should be listed for reporting purposes.
Costa Mesa	The City of Costa Mesa (Costa Mesa) reported total MOE expenditures of \$9,713,495, on its expenditure report. Actual expenditures, per the general ledger, totaled \$9,413,495, a variance of \$300,000. The variance resulted from a clerical error.	Costa Mesa has implemented an additional layer of review to ensure accuracy.
Laguna Hills	The City of Laguna Hills (Laguna Hills) reported total MOE expenditures of \$1,516,648, on its expenditure report. Actual expenditures, per the general ledger, totaled \$1,407,967, a variance of \$108,681. The variance resulted from a reporting error.	Laguna Hills is in the process of revising its expenditure report and will submit the revised report to the Orange County Local Transportation Authority.
	Testing of 40 direct MOE expenditures, totaling \$243,690, identified one expenditure of \$80, that was not allowable per the Ordinance.	Laguna Hills will enhance its review procedures to ensure only eligible costs are allocated as MOE expenditures.
	Testing identified \$341,205 in MOE direct costs that were reported as indirect costs, in error. In addition, \$6,533 in MOE indirect costs tested were not allowable per the Ordinance.	Moving forward, Laguna Hills will classify contract engineering services as direct costs and will enhance its review procedures to ensure only allowable expenditures are allocated as MOE.
	Local Fair Share (LFS) expenditures related to one project (Street and Roadway Maintenance) that was not listed on Laguna Hills' Seven-Year Capital Improvement Project (CIP) Report, as required.	Moving forward, Laguna Hills will list the Street and Roadway Maintenance program as a LFS project on its CIP report.
Lake Forest	None	
La Palma	The City of La Palma's (La Palma) expenditure report reflected \$0 in indirect costs charged as MOE expenditures; however, testing identified indirect expenditures were charged to the MOE.	La Palma will report these expenditures as indirect costs in the future.
Placentia	The City of Placentia (Placentia) reported total MOE expenditures of \$1,125,411 on its expenditure report. Actual expenditures, per the general ledger, totaled \$848,930, a variance of \$276,481.	Placentia identified, corrected, and re-submitted its expenditure report.
	Testing of 40 direct MOE expenditures, totaling \$228,492, identified one expenditure for \$910, that was not allowable per the Ordinance.	Placentia's finance department will complete a thorough analysis of these expenditures before submission.
	Placentia's expenditure report reflected \$0 in indirect costs charged as MOE expenditures; however, testing identified indirect expenditures were charged to the MOE.	Placentia will review the Ordinance and Gas Tax Guidelines to ensure proper classification of expenditures in future reports.
Tustin	Testing identified \$188,625 in MOE direct costs that were reported as indirect costs, in error.	Going forward, the City of Tustin (Tustin) will ensure these costs are categorized as direct costs.
	Testing identified \$27,229 in LFS direct costs that were reported as indirect costs, in error.	Going forward, Tustin will ensure these costs are categorized as direct costs.

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY
MEASURE M2 LOCAL FAIR SHARE
AGREED-UPON PROCEDURES REPORTS
Year Ended June 30, 2020**

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 LOCAL FAIR SHARE

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2020

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, 2020. Please refer to the individual divider tab for our report on each Agency.

City of Brea

City of Costa Mesa

City of Laguna Hills

City of Lake Forest

City of La Palma

City of Placentia

City of Tustin

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
CITY OF BREA

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Brea's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2020. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund and budget unit. The City recorded its MOE expenditures in its General Fund (110), Gas Tax Fund (220), and various budget units. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2020. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2020 were \$1,355,110 (see Schedule A). We agreed the total expenditures of \$1,355,110 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), with no differences. No exceptions were found as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree 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 voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 40 direct MOE expenditures totaling \$446,590 for testing, which represented approximately 33% of direct MOE expenditures of \$1,355,110 for the fiscal year ended June 30, 2020. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. However, based on inspection of the general ledger expenditure detail and per inspection of MOE costs samples selected, we identified indirect costs charged as MOE expenditures for the fiscal year ended June 30, 2020. As a result, Crowe selected 25 indirect MOE expenditures from the general ledger expenditures detail totaling \$173,399 for inspection. Upon inspecting the supporting documentation for the samples selected, we determined that the expenditures were properly classified as indirect MOE costs and were allowable per the Ordinance and percentages allocated to MOE were justifiable. In addition, the indirect MOE costs were substantiated by a written Indirect Cost Allocation Plan prepared within five years. No other exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2020 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt. Explain any differences.

Findings: The City received \$3,006,428 for the past three fiscal years ended June 30, 2018, 2019 and 2020. We agreed the fund balance of \$2,876,550 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The LFS expenditures were tracked in the City's general ledger by fund and budget unit. The City recorded its LFS expenditures in its Measure M Transport Tax Fund (260), and various budget units. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2020 were \$936,508 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected five Measure M2 direct Local Fair Share expenditures for inspection totaling \$892,781 representing approximately 97% of total Measure M2 direct Local Fair Share expenditures of \$915,832 for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, indirect costs were identified as Local Fair Share expenditures for the fiscal year ended June 30, 2020. We agreed \$20,676 of indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 25 charges for inspection with a total amount of \$1,998 representing 10% of the total indirect Local Fair Share costs. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. The indirect costs included allocated engineer salaries for the Public Works department. Upon inspecting the supporting documentation for the samples selected, we determined that the expenditures were properly classified as indirect Local Fair Share costs and were allowable per the Ordinance and percentages allocated to Local Fair Share were justifiable. In addition, the indirect LFS costs were substantiated by a written Indirect Cost Allocation Plan prepared within five years. No exceptions were found as a result of this procedure.

9. Inspect the amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited and the methodology is reasonable. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$38,171 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Eligible Jurisdiction was found eligible by the Board of Directors for the applicable year (FY20) by inspecting the OCLTA Board agenda and action items.

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

(Continued)

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of 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 and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
March 11, 2021

CITY OF BREA, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2020
(Unaudited)

SCHEDULE A

Maintenance of Effort (MOE) Expenditures:

Maintenance

Other Street Purpose Maintenance	\$ 1,355,110
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Total MOE Expenditures	\$ 1,355,110
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Measure M2 Local Fair Share Expenditures (Schedule 4):

Administrative	\$ 20,676
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Traffic Control Upgrade - 7218	577
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Citywide Slurry Seal Program - 7312	200,000
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Alley Rehab E. of Redwood Avenue - 7315	161,640
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Alley Rehab - Puente/ Joyce - 7316	207,915
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Cliffwood Park Pavement - 7317	316,895
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Alley Rehab W. of Flower Avenue - 7319	16,616
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Country Lane Street Rehabilitation - 7323	11,440
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Street Name Sign Replacement - 7703	<u>749</u>
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Total Measure M2 Local Fair Share Expenditures	\$ 936,508
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Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 2,291,618</u>
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Note: The above amounts were taken directly from the financial records of the City of Brea and were not audited.



City of Brea

March 11, 2021

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

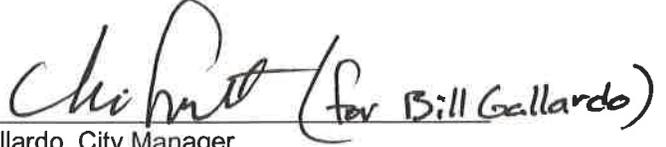
The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Brea as of and for the fiscal year ended June 30, 2020.

Procedure #4

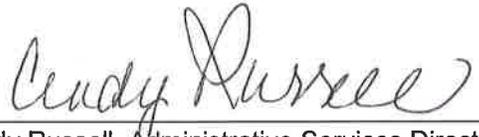
Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. However, based on inspection of the general ledger expenditure detail and per inspection of MOE costs samples selected, we identified indirect costs charged as MOE expenditures for the fiscal year ended June 30, 2020. As a result, Crowe selected 25 indirect MOE expenditures from the general ledger expenditures detail totaling \$173,399 for inspection. Upon inspecting the supporting documentation for the samples selected, we determined that the expenditures were properly classified as indirect MOE costs and were allowable per the Ordinance and percentages allocated to MOE were justifiable. In addition, the indirect MOE costs were substantiated by a written Indirect Cost Allocation Plan prepared within five years. No other exceptions were found as a result of this procedure.

City's Response: The City of Brea learned as part of this review that certain allowable staff costs for the street program are considered indirect/overhead costs due to the manner in which the costs are charged through the City's payroll system. The staff costs charged were mostly related to employees directly participating on street and road purpose projects, as well as first level supervision. However, these costs are allocated as opposed to direct charged to the program on the employee timecards. All of Brea's MOE costs were deemed allowable, and Brea staff now has clarification on which costs should be reported as indirect/overhead costs and which costs should be listed as direct for future reporting purposes.

 (for Bill Gallardo)

William Gallardo, City Manager



Cindy Russell, Administrative Services Director



Tony Olmos, Public Works Director

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
Orange, California

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), related to the City of Costa Mesa's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2020. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, department number, and program number. The City recorded its MOE expenditures in its General Fund (101), Capital Improvement Fund (401), Measure M2 Fund (416), various department numbers, and program numbers. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2020. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City of Costa Mesa reported total MOE expenditures of \$9,713,495 on its Expenditure Report (Schedule 3, line 18) for fiscal year 2020. The actual MOE expenditures per expenditures detail totaled \$9,413,495, a variance of \$300,000. This variance was a result of clerical error in reporting expenditures in Program 30243 Signs & Markings. No other exceptions were found as a result of this procedure.

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3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree 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 voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$2,943,813 which represented approximately 35% of total direct MOE expenditures of \$8,288,079 for the fiscal year ended June 30, 2020. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2020. We agreed \$1,125,416 of indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 25 charges for inspection with a total amount of \$250,765 representing 22% of the total indirect MOE costs. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. The indirect costs included allocated management salaries for the Public Works department. Upon inspecting the supporting documentation for the samples selected, we determined that the expenditures were properly classified as indirect MOE costs and were allowable per the Ordinance and percentages allocated to MOE were justifiable. In addition, the indirect MOE costs were substantiated by a written Indirect Cost Allocation Plan prepared within five years. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2020 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt. Explain any differences.

Findings: The City received \$7,812,493 for the past three fiscal years ended June 30, 2018, 2019 and 2020. We agreed the fund balance of \$5,307,592 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The LFS expenditures were tracked in the City's general ledger by fund, department number, and program number. The City recorded its LFS expenditures in its Measure M2 Fair Share Fund (416), various department numbers, and program numbers. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2020 were \$1,932,955 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected 24 Measure M2 Local Fair Share direct expenditures for inspection totaling \$1,449,882 representing approximately 75% of total Measure M2 direct Local Fair Share expenditures of \$1,932,955 for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2020. No exceptions were found as a result of this procedure.

9. Inspect the amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited and the methodology is reasonable. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$181,561 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Eligible Jurisdiction was found eligible by the Board of Directors for the applicable year (FY20) by inspecting the OCLTA Board agenda and action items.

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

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of 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 and is not intended to be, and should not be, used by anyone other than the specified party.

A handwritten signature in cursive script that reads "Crowe LLP".

Crowe LLP

Costa Mesa, California
March 15, 2021

CITY OF COSTA MESA, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2020
(Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 1,125,416
Construction & Right-of-Way	
Street Reconstruction	526,884
Signals, Safety Devices, & Street Lights	110,999
Pedestrian Ways & Bikepaths	160,904
Storm Drains	640,237
Maintenance	
Street Lights & Traffic Signals	1,907,973
Other Street Purpose Maintenance	<u>4,941,082</u>
 Total MOE Expenditures	 <u>\$ 9,413,495</u>
 Measure M2 Local Fair Share Expenditures (Schedule 4):	
Harbor Blvd. Median and Parkway Improvements #350017	\$ 174,325
Street Maintenance City-wide #400015	1,758,630
 Total Measure M2 Local Fair Share Expenditures	 <u>\$ 1,932,955</u>
 Total MOE and Measure M2 Local Fair Share Expenditures	 <u>\$ 11,346,450</u>

Note: The above amounts were taken directly from the financial records of the City of Costa Mesa and were not audited.



CITY OF COSTA MESA

77 FAIR DRIVE, P.O. BOX 1200, COSTA MESA, CA 92628-1200

FROM THE OFFICE OF THE FINANCE DIRECTOR/CITY TREASURER

Exhibit 1

March 11, 2021

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Costa Mesa as of and for the fiscal year ended June 30, 2020.

Procedure #2

Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2020. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City of Costa Mesa reported total MOE expenditures of \$9,713,495 on its Expenditure Report (Schedule 3, line 18) for fiscal year 2020. The actual MOE expenditures per expenditures detail totaled \$9,413,495, a variance of \$300,000. This variance was a result of clerical error in reporting expenditures in Program 30243 Signs & Markings. No other exceptions were found as a result of this procedure.

City's Response:

The MOE program total expenditure entry had an administrative error that resulted in the amount being over-stated by \$300,000. The City has implemented an additional layer of review with the onboarding of a permanent Accounting Supervisor.

It is important to note that even after the correction of this error, the City's fiscal year 2020 MOE spending was approximately 6.9% of its General Fund revenues.

Lori Ann Farrell Harrison, City Manager

Carol Molina, Finance Director

Raja Sethuraman, Public Services Director

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
CITY OF LAGUNA HILLS

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Laguna Hills' (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2020. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, department number, and account number. The City recorded its MOE expenditures in its General Fund (100), Public Services Fund (355), various department, and various account numbers. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2020. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City of Laguna Hills reported total MOE expenditures of \$1,516,648 on its Expenditure Report (Schedule 3, line 18) for fiscal year 2020. The actual MOE expenditures per the general ledger expenditure detail totaled \$1,407,967, a variance of \$108,681. The variance was due to incorrect amounts reported in Line 15 of the Expenditure Report. No other exceptions were found as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree 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 voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 40 direct MOE expenditures totaling \$243,690 for testing which represented approximately 26% of total direct MOE expenditures of \$929,027 for the fiscal year ended June 30, 2020. We identified one expenditure relating to membership dues, totaling \$80 that was not allowable per the Ordinance. No other exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We selected 49 indirect MOE costs for inspection with a total amount of \$366,425 representing 77% of the total indirect MOE costs of \$478,940. We agreed \$478,940 in indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We recomputed the selected indirect costs charges using the City's allocation methodology and identified \$341,205 of indirect costs that should have been reported as direct costs. The costs were related to direct contracted engineering services. In addition, upon inspecting the supporting documentation for the indirect cost samples selected, we identified two expenditures, totaling \$6,533 that were not allowable per the Ordinance. These two expenditures consisted of various office supplies and park features. In addition, the indirect MOE costs were substantiated by a written Indirect Cost Allocation Plan prepared within five years. No other exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2020 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt. Explain any differences.

Findings: The City received \$1,610,086 for the past three fiscal years ended June 30, 2018, 2019 and 2020. We agreed the fund balance of \$0 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The LFS expenditures were tracked in the City's general ledger by fund, department number, and account number. The City recorded its LFS expenditures in its Measure M Fund (212), various department numbers, and account numbers. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2020 were \$615,719 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: M2 Local Fair Share expenditures selected for inspection totaled \$497,607 representing approximately 81% of total Measure M2 Local Fair Share expenditures of \$615,719 for the fiscal year ended June 30, 2020. When comparing the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, which consisted of one project, the project (Street and Roadway Maintenance \$615,719) was not listed on the City's Seven-Year CIP. No other exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2020. No exceptions were found as a result of this procedure.

9. Inspect the amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited and the methodology is reasonable. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$5,456 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Eligible Jurisdiction was found eligible by the Board of Directors for the applicable year (FY20) by inspecting the OCLTA Board agenda and action items.

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

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. 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.

(Continued)

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of 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 and is not intended to be, and should not be, used by anyone other than the specified party.

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

Crowe LLP

Costa Mesa, California
March 12, 2021

CITY OF LAGUNA HILLS, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2020
(Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 478,940
Construction & Right-of-Way	
Signals, Safety Devices, & Street Lights	9,250
Storm Drains	189,389
Maintenance	
Street Lights & Traffic Signals	689,013
Other Street Purpose Maintenance	<u>41,375</u>
Total MOE Expenditures	<u>\$ 1,407,967</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Street Maintenance Contract	\$ 615,719
Total Measure M2 Local Fair Share Expenditures	<u>\$ 615,719</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 2,023,686</u></u>

Note: The above amounts were taken directly from the financial records of the City of Laguna Hills and were not audited.



CITY OF LAGUNA HILLS

March 12, 2021

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Laguna Hills as of and for the fiscal year ended June 30, 2020.

Procedure #2

Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2020. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City of Laguna Hills reported total MOE expenditures of \$1,516,648 on its Expenditure Report (Schedule 3, line 18) for fiscal year 2020. The actual MOE expenditures totaled \$1,407,967, a variance of \$108,681. The variance was due to incorrect amounts reported in Line 15 of the Expenditure Report. No other exceptions were found as a result of this procedure.

City's Response:

The City agrees with the Finding and is in the process of revising its M2 Expenditure Report accordingly for the fiscal year ended June 30, 2020. The revised Expenditure Report will be resubmitted to OCTA.

Procedure #3

Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:

- a. Agree 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 voucher or other appropriate supporting documentation; and
- b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 40 direct MOE expenditures totaling \$243,690 which represented approximately 26% of total direct MOE expenditures of \$929,027 for the fiscal year ended June 30, 2020. We identified one expenditure relating to membership dues, totaling \$80 that was not allowable per the Ordinance. No other exceptions were found as a result of this procedure.

City's Response:

The City agrees with the Finding and will enhance its review procedures to ensure only eligible costs will be allocated to MOE expenditures.

Procedure #4

Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We selected 49 indirect MOE costs for inspection with a total amount of \$366,425 representing 77% of the total indirect MOE costs of \$478,940. We agreed \$478,940 in indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We recomputed the selected indirect costs charges using the City's allocation methodology and identified \$341,205 of indirect costs that should have been reported as direct costs. The costs were related to direct contracted engineering services. In addition, upon inspecting the supporting documentation for the indirect cost samples selected, we identified two expenditures, totaling \$6,533 that were not allowable per the Ordinance. These two expenditures consisted of various office supplies and park features. In addition, the indirect MOE costs were substantiated by a written Indirect Cost Allocation Plan prepared within five years. No other exceptions were found as a result of this procedure.

City's Response:

The City agrees with the Finding. Moving forward, the City will classify contract engineering services as direct cost and will enhance its review procedures to ensure only allowable expenditures are allocated as MOE.

Procedure #7

Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:

- a. Agree 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; and
- b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: M2 Local Fair Share expenditures selected for inspection totaled \$497,607 representing approximately 81% of total Measure M2 Local Fair Share expenditures of \$615,719 for the fiscal year ended June 30, 2020. When comparing the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, which consisted of one project, the project (Street and Roadway Maintenance \$615,719) was not listed on the City's Seven-Year CIP. No other exceptions were found as a result of this procedure.

City's Response:

The City agrees with the Finding. Moving forward, the City's Street and Roadway Maintenance program will be listed as a Measure M2 Local Fair Share project on the Seven-Year Capital Improvement Program (CIP).



Kenneth H. Rosenfield
Interim City Manager



Janice Reyes
Finance Director

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
CITY OF LAKE FOREST

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Lake Forest's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2020. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, department number, and account number. The City recorded its MOE expenditures in its General Fund (100), various department numbers, and account numbers. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2020. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2020 were \$793,583 (see Schedule A). We agreed the total expenditures of \$793,583 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), with no differences. No exceptions were found as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree 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 voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$403,437 for testing, which represented approximately 51% of total direct MOE expenditures of \$793,583 for the fiscal year ended June 30, 2020. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, no indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2020. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2020 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt. Explain any differences.

Findings: The City received \$4,277,021 for the past three fiscal years ended June 30, 2018, 2019 and 2020. We agreed the fund balance of \$1,911,408 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The LFS expenditures were tracked in the City's general ledger by fund, department number, and account number. The City recorded its LFS expenditures in its Measure M Fund (220), various department numbers, and account numbers. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2020 were \$770 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:

(Continued)

- a. Agree 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; and
- b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without exception. We selected two direct Measure M2 Local Fair Share expenditures for inspection totaling \$770 representing 100% of total direct Measure M2 Local Fair Share expenditures of \$770 for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2020. No exceptions were found as a result of this procedure.

9. Inspect the amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited and the methodology is reasonable. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$16,116 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Eligible Jurisdiction was found eligible by the Board of Directors for the applicable year (FY20) by inspecting the OCLTA Board agenda and action items.

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

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. 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.

(Continued)

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.


Crowe LLP

Costa Mesa, California
March 11, 2021

CITY OF LAKE FOREST, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2020
(Unaudited)

SCHEDULE A

Maintenance of Effort (MOE) Expenditures:	
Maintenance	
Other Street Purpose Maintenance	\$ 793,583
Total MOE Expenditures	<u>\$ 793,583</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
950.100 Repaving and Slurry Seal	\$ 770
Total Measure M2 Local Fair Share Expenditures	<u>\$ 770</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 794,353</u></u>

Note: The above amounts were taken directly from the financial records of the City of Lake Forest and were not audited.

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
CITY OF LA PALMA

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of La Palma's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2020. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, department number, and account number. The City recorded its MOE expenditures in its General Fund (001), Road Maintenance and Rehabilitation Fund (010), Street Fund (011), various department numbers, and account numbers. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2020. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2020 were \$517,482 (see Schedule A). We agreed the total expenditures of \$517,482 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), with no differences. No exceptions were found as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree 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 voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 35 direct MOE expenditures totaling \$395,204 for testing, which represented approximately 76% of direct MOE expenditures of \$517,482 for the fiscal year ended June 30, 2020. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. However, based on inspection of the general ledger expenditure detail and per inspection of MOE costs samples selected, we identified indirect costs charged as MOE expenditures for the fiscal year ended June 30, 2020. As a result, Crowe selected 25 indirect MOE expenditures from the general ledger expenditures detail totaling \$23,808 for inspection. Upon inspecting the supporting documentation for the samples selected, we determined that the indirect MOE costs were properly classified as indirect expenditures and allowable per the Ordinance. In addition, the indirect MOE costs were substantiated by a written Indirect Cost Allocation Plan prepared within five years. No other exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2020 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt. Explain any differences.

Findings: The City received \$796,578 for the past three fiscal years ended June 30, 2018, 2019 and 2020. We agreed the fund balance of \$373,906 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The LFS expenditures were tracked in the City's general ledger by fund, department number, and account number. The City recorded its LFS expenditures in its Measure M Fund (012), various department numbers, and account numbers. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2020 were \$301,928 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected five direct Measure M2 Local Fair Share expenditures for inspection totaling \$273,325 representing approximately 91% of total direct Measure M2 Local Fair Share expenditures of 301,928 for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2020. No exceptions were found as a result of this procedure.

9. Inspect the amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited and the methodology is reasonable. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$18,325 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Eligible Jurisdiction was found eligible by the Board of Directors for the applicable year (FY20) by inspecting the OCLTA Board agenda and action items.

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

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. 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.

(Continued)

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of 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 and is not intended to be, and should not be, used by anyone other than the specified party.

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

Crowe LLP

Costa Mesa, California
March 15, 2021

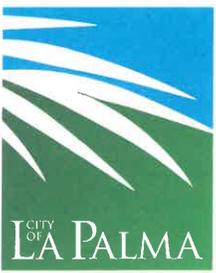
CITY OF LA PALMA, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2020
(Unaudited)

SCHEDULE A

Maintenance of Effort (MOE) Expenditures:

Maintenance	
Patching	\$ 12,135
Overlay & Sealing	179,538
Street Lights & Traffic Signals	142,690
Other Street Purpose Maintenance	<u>183,119</u>
Total MOE Expenditures	<u>\$ 517,482</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Orangethorpe Ave Rehabilitation (Walker to Valley View) (ST-353)	\$ 23,273
Median Island Reconstruction Design	38,655
Orangethorpe Ave Rehabilitation (Moody to Walker) (ST-346)	240,000
Total Measure M2 Local Fair Share Expenditures	<u>\$ 301,928</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 819,410</u></u>

Note: The above amounts were taken directly from the financial records of the City of La Palma and were not audited.



March 15, 2021

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of La Palma as of and for the fiscal year ended June 30, 2020.

Procedure #4

Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

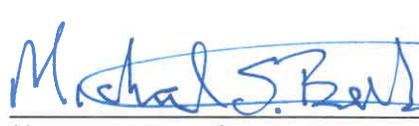
Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. However, based on inspection of the general ledger expenditure detail and per inspection of MOE costs samples selected, we identified indirect costs charged as MOE expenditures for the fiscal year ended June 30, 2020. As a result, Crowe selected indirect 25 MOE expenditures from the general ledger expenditures detail totaling \$23,808 for inspection. Upon inspecting the supporting documentation for the samples selected, we determined that the indirect MOE costs were allowable per the Ordinance. In addition, the indirect MOE costs were substantiated by a written Indirect Cost Allocation Plan prepared within five years. No other exceptions were found as a result of this procedure.

City's Response:

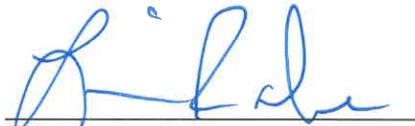
The City has been preparing the annual report consistently, and the City is pleased that the expenditures are allowable. The City sees that the auditor used account 001-405-5010-xxxxx to calculate the \$23,808, and for future reports, the City will report those expenditures as indirect costs.

 CITY MANAGER

Name and Title of Responsible Party

 COMMUNITY SERVICES DIRECTOR

Name and Title of Responsible Party

 ACCOUNTING SUPERVISOR

Name and Title of Responsible Party

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
CITY OF PLACENTIA

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Placentia's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2020. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, and package. The City recorded its MOE expenditures in its Measure M Fund (210), various packages. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2020. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City of Placentia reported total MOE expenditures of \$1,125,411 on its Expenditure Report (Schedule 3, line 18) for fiscal year 2020. The actual MOE expenditures totaled \$848,930, a variance of \$276,481. The variance was due to a clerical error when reporting the expenditures for Department Contracted Services. No other exceptions were found as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree 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 voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 40 direct MOE expenditures totaling \$228,492 for testing, which represented approximately 27% of total direct MOE expenditures of \$848,930 for the fiscal year ended June 30, 2020. We identified one expenditure related to a rental car, totaling \$910 that was not allowable per the Ordinance. No other exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. However, based on inspection of the general ledger expenditure detail and per inspection of MOE direct cost samples selected, we identified indirect costs charged as MOE expenditures for the fiscal year ended June 30, 2020. As a result, Crowe selected 25 indirect MOE expenditures from the general ledger expenditure detail totaling \$96,455 for inspection. Upon inspecting the supporting documentation for the samples selected, we determined that the expenditures were properly classified as indirect MOE costs and were allowable per the Ordinance and percentages allocated to MOE were justifiable. In addition, the indirect MOE costs were substantiated by a written Indirect Cost Allocation Plan prepared within five years. No other exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2020 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt. Explain any differences.

Findings: The City received \$2,762,624 for the past three fiscal years ended June 30, 2018, 2019 and 2020. We agreed the fund balance of \$623,228 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The LFS expenditures were tracked in the City's general ledger by fund, package. The City recorded its LFS expenditures in its Measure M Fund (210), various packages. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2020 were \$527,707 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected five direct Measure M2 Local Fair Share expenditures for inspection totaling \$413,141 representing approximately 78% of total direct Measure M2 Local Fair Share expenditures of \$527,707 for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2020. No exceptions were found as a result of this procedure.

9. Inspect the amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited and the methodology is reasonable. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$12,814 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Eligible Jurisdiction was found eligible by the Board of Directors for the applicable year (FY20) by inspecting the OCLTA Board agenda and action items.

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

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. 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.

(Continued)

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of 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 and is not intended to be, and should not be, used by anyone other than the specified party.

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

Crowe LLP

Costa Mesa, California
March 11, 2021

CITY OF PLACENTIA, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2020
(Unaudited)

SCHEDULE A

Maintenance of Effort (MOE) Expenditures:

Maintenance

Street Lights & Traffic Signals	\$ 123,116
Other Street Purpose Maintenance	<u>725,814</u>

Total MOE Expenditures	<u>\$ 848,930</u>
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Measure M2 Local Fair Share Expenditures (Schedule 4):

1001 - FY 19-20 Residentail Slurry Seal Project	\$ 464,177
1905 - Design for ADA Ramp Reconstruction Project	200
5801 - Metrolink Stations and Parking Structure Project	34,690
183551-6015 Pavement Management plan update	<u>28,640</u>

Total Measure M2 Local Fair Share Expenditures	<u>\$ 527,707</u>
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Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 1,376,637</u></u>
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Note: The above amounts were taken directly from the financial records of the City of Placentia and were not audited.

The People are the City



Mayor
CRAIG S. GREEN

Mayor Pro Tem
CHAD P. WANKE

Councilmembers:
RHONDA SHADER
WARD L. SMITH
JEREMY B. YAMAGUCHI

City Clerk:
ROBERT S. MCKINNELL

City Treasurer
KEVIN A. LARSON

City Administrator
DAMIEN R. ARRULA

401 East Chapman Avenue – Placentia, California 92870

Exhibit 1

March 11, 2021

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Placentia as of and for the fiscal year ended June 30, 2020.

Procedure #2

Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2020. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City of Placentia reported total MOE expenditures of \$1,125,411 on its Expenditure Report (Schedule 3, line 18) for fiscal year 2020. The actual MOE expenditures totaled \$848,930, a variance of \$276,481. The variance was due to a clerical error when reporting the expenditures for Department Contracted Services. No other exceptions were found as a result of this procedure.

City's Response: The City agrees that on the initial submission for MOE expenditure report there was a clerical error. The City corrected and submitted the report to OCLTA when the error was found prior to discovery from the auditors. The city will verify the report before submission.

Procedure #3

Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:

- a. Agree 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 voucher or other appropriate supporting documentation; and
- b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 40 direct MOE expenditures totaling \$228,492, which represented approximately 27% of total direct MOE expenditures of \$848,930 for the fiscal year ended June 30, 2020. We identified

one expenditure relating to a rental car, totaling \$910 that was not allowable per the ordinance. No other exceptions were found as a result of this procedure.

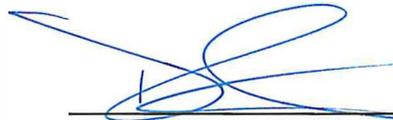
City's Response: The City agrees that the \$910 was not an allowable expense per the ordinance. Placentia's finance department will complete a thorough analysis of the expenditures prior to submission.

Procedure #4

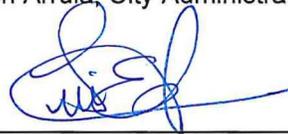
Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. However, based on inspection of the general ledger expenditure detail and per inspection of MOE costs samples selected, we identified indirect costs charged as MOE expenditures for the fiscal year ended June 30, 2020. As a result, Crowe selected 25 indirect MOE expenditures from the general ledger expenditures detail totaling \$96,455 for inspection. Upon inspecting the supporting documentation for the samples selected, we determined that the indirect MOE costs were allowable per the Ordinance. In addition, the indirect MOE costs were substantiated by a written Indirect Cost Allocation Plan prepared within five years. No other exceptions were found as a result of this procedure.

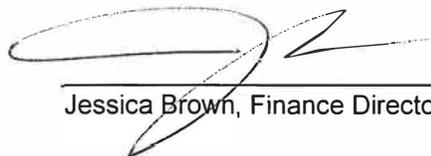
City's Response: The City agrees that based on the Ordinance the 25 MOE expenditures are indirect expenditures. The City will review the Ordinance and Gas Tax guidelines to ensure proper classification of expenditures in future reports.



Damien Arrula, City Administrator



Luis Estevez, Deputy City Administrator



Jessica Brown, Finance Director

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
CITY OF TUSTIN

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Tustin's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2020. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, department number, and division number. The City recorded its MOE expenditures in its Capital Projects Fund (200), Proceeds Land Held for Resale Fund (189), various department numbers, and division numbers. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2020. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2020 were \$4,120,774 (see Schedule A). We agreed the total expenditures of \$4,120,774 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), with no differences. No exceptions were found as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree 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 voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 20 direct MOE expenditures totaling \$2,987,179 for testing, which represented approximately 76% of total direct MOE expenditures of \$3,932,149 for the fiscal year ended June 30, 2020. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$188,625 in indirect costs for MOE for the fiscal year ended June 30, 2020. We selected 25 indirect costs for inspection with a total amount of \$51,184 representing 27% of the total MOE indirect costs, we identified these costs represented labor charges directly charged to the program. As a result, all indirect costs of \$188,625 should have been reported as direct costs. Upon inspecting the supporting documentation for the samples selected, we determined that the MOE direct costs were allowable per the Ordinance. No other exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2020 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt. Explain any differences.

Findings: The City received \$4,772,858 for the past three fiscal years ended June 30, 2018, 2019 and 2020. We agreed the fund balance of \$4,089,124 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The LFS expenditures were tracked in the City's general ledger by fund, department number, and division number. The City recorded its LFS expenditures in its Measure M2 Fair Share Fund (139), various department numbers, and division numbers. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2020 were \$530,129 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected ten Measure M2 direct Local Fair Share expenditures for inspection totaling \$280,116 representing approximately 56% of total Measure M2 Local Fair Share direct expenditures of \$502,900 for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$27,229 in indirect costs for LFS for the fiscal year ended June 30, 2020. We selected 25 indirect costs for inspection with a total amount of \$7,389 representing 27% of the total LFS indirect costs, we identified these costs represented labor charges directly charged to the program. As a result, all indirect costs of \$27,229 should have been reported as direct costs. Upon inspecting the supporting documentation for the samples selected, we determined that the LFS direct costs were allowable per the Ordinance. No other exceptions were found as a result of this procedure.

9. Inspect the amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited and the methodology is reasonable. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$134,487 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Eligible Jurisdiction was found eligible by the Board of Directors for the applicable year (FY20) by inspecting the OCLTA Board agenda and action items.

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

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of 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 and is not intended to be, and should not be, used by anyone other than the specified party.


Crowe LLP

Costa Mesa, California
March 11, 2021

CITY OF TUSTIN, CALIFORNIA
 SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
 Year ended June 30, 2020
 (Unaudited)

SCHEDULE A

Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 188,625
Construction & Right-of-Way	
New Street Construction	1,096,948
Signals, Safety Devices, & Street Lights	10,074
Pedestrian Ways & Bikepaths	173,250
Maintenance	
Patching	67,984
Overlay & Sealing	1,698,700
Other Street Purpose Maintenance	<u>885,193</u>
 Total MOE Expenditures	 <u>\$ 4,120,774</u>
 Measure M2 Local Fair Share Expenditures (Schedule 4):	
Traffic Signal Controller Upgrade/Replacement	\$ 93,370
17th Street Signal Synchronization	250
Edinger Ave/ Irvine Center Drive Traffic Signal Synchronization	9,569
Tustin Ranch Road/ Von Karmen Traffic Signal Synchronization	25,372
Lansdowne/Valencia Traffic Signal Improvement	19
FY18/19 Major Pavement Maintenance	250,168
FY19/20 Major Pavement Maintenance	121,367
Bank Service Charges	2,785
Direct Charge for Labor Associated With These Projects	<u>27,229</u>
 Total Measure M2 Local Fair Share Expenditures	 <u>\$ 530,129</u>
 Total MOE and Measure M2 Local Fair Share Expenditures	 <u>\$ 4,650,903</u>

Note: The above amounts were taken directly from the financial records of the City of Tustin and were not audited.

Finance Department

March 11, 2021

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



The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Tustin as of and for the fiscal year ended June 30, 2020.

Procedure #4

Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$188,625 in indirect costs for MOE for the fiscal year ended June 30, 2020. We selected 25 indirect costs for inspection with a total amount of \$51,184 representing 27% of the total MOE indirect costs, we identified these costs represented labor charges directly charged to the program. As a result, all indirect costs of \$188,625 should have been reported as direct costs. Upon inspecting the supporting documentation for the samples selected, we determined that the MOE direct costs were allowable per the Ordinance. No other exceptions were found as a result of this procedure.

City's Response:

Previously, the City Staff had the understanding that the direct labor costs for the Engineering staff's time to manage the various projects were considered to be overhead and should be included on line 1 of Schedule 3 of the Expenditure Report. Going forward, the City staff will ensure that these costs be categorized with the project costs in line 2 through 15 of Schedule 3 of the Expenditure Report.

Procedure #8

Identify whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$27,229 in indirect costs for LFS for the fiscal year ended June 30, 2020. We selected 25 indirect costs for inspection with a total amount of \$7,389 representing 27% of the total LFS indirect costs, we identified these costs represented labor charges directly charged to the program. As a result, all indirect costs of \$27,229 should have been reported as direct costs. Upon inspecting the supporting documentation for the

samples selected, we determined that the LFS direct costs were allowable per the Ordinance. No other exceptions were found as a result of this procedure.

City's Response:

Previously, the City Staff had the understanding that the direct labor costs for the Engineering staff's time to manage the various projects were considered to be overhead and should be included on line 1 of Schedule 3 of the Expenditure Report. Going forward, the City staff will ensure that these costs be categorized with the project costs in line 2 through 15 of Schedule 3 of the Expenditure Report.

DocuSigned by:

Matthew S. West

Matthew S. West, City Manager

DocuSigned by:

Jason Al-Imam

Jason Al-Imam, Finance Director

DocuSigned by:

Douglas S. Stack

Doug Stack, Director of Public Works/City Engineer

SUMMARY OF AGREED-UPON PROCEDURES REPORTS
Orange County Local Transportation Authority
Measure M2 Senior Mobility Program for the Year Ended June 30, 2020

City	Result	City Management Response
Brea	The City of Brea (Brea) did not allocate interest to the Senior Mobility Program (SMP); Brea should have allocated and reported interest of \$471 to the program.	Brea will begin tracking these funds on a monthly basis and allocating interest, as appropriate.
	Brea continues to utilize California Yellow Cab to provide senior transportation services under an agreement that was competitively procured in 2013, for a one-year term, with an additional one-year option term.	Brea will procure a new contract through a competitive process that will include a specified term of more than five years. Brea is targeting July 1, 2021, for a new contract start date.
Costa Mesa	None	
Cypress	None	
Laguna Hills	The City of Laguna Hills (Laguna Hills) reported total SMP expenditures of \$36,754, on its expenditure report. Actual SMP expenditures, per the general ledger, detail totaled \$40,429. The variance resulted from Laguna Hills' failure to report administrative costs assessed to the SMP program.	Laguna Hills is in the process of revising its expenditure report and will resubmit to the Orange County Local Transportation Authority.
	Policy guidelines allow up to ten percent of total expenditures to be charged to the program for administrative costs. Laguna Hills charged \$33,721 in administrative/indirect costs to the SMP program, which exceeded the maximum allowed by \$32,029.	Laguna Hills will restore the overage of \$32,029 to the SMP program, and revise its expenditure report accordingly.
	One of four monthly reports tested was not submitted within 30 days of month end, as required.	The untimely filing of the April report was the result of the local emergency and health crisis.
Placentia	The City of Placentia (Placentia) did not allocate interest of the SMP program; Placentia should have allocated and reported interest of \$1,174, to the program.	Placentia will allocate back interest that should have been credited to the SMP program.
Stanton	None	

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 SENIOR MOBILITY PROGRAM

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2020

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR MOBILITY
PROGRAM**

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2020

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, 2020. Please refer to the individual divider tab for our report on each Agency.

City of Brea

City of Costa Mesa

City of Cypress

City of Laguna Hills

City of Placentia

City of Stanton

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
CITY OF BREA

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Brea's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2020. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

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

2. Describe which fund(s) the Eligible Jurisdiction 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, 2020. Agree the amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to Measure M2 Senior Mobility Program were tracked in the general ledger by fund, budget unit, and account number. The City recorded its Senior Mobility Program expenditures in its General Fund (110), various budget units, and account numbers. The City reported \$51,315 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.

(Continued)

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2020, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt. For payments received during the fiscal year ended June 30, 2020, agree to the amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$135,461 for the past three fiscal years ended June 30, 2018, 2019 and 2020. We compared the fund balance of \$42,523 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$42,523; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$46,379 during the fiscal year ended June 30, 2020, to the general ledger detail and to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U) without exception. No exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: Based on the Expenditure Report (Schedule 2, line 8 – Project U), the City reported \$0 in interest revenue. Per inspection of the City's general ledger, we identified that Fund 110, General Fund included cash balances for various Measure M programs such as Measure M2 (Local Fair Share), and Senior Mobility Program. The City calculated interest earnings on a monthly basis using the ending cash balance of Measure M funds, but did not allocate or report interest to the Senior Mobility Program as required. The City should have allocated and reported interest of \$471 to the Senior Mobility Program. We inquired of City personnel regarding fare collection methodologies. The City did not charge fares for senior transportation services during the year, but monetary donations were accepted and credited to the program. No other exceptions were found as a result of this procedure.

5. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2020.

Findings: We received the City's general ledger detail of matching expenditures, scanned for the types and sources of matching funds and agreed to supporting documentation, such as invoices, to determine whether the match amounts were justifiable and acceptable under the Ordinance. The total matching expenditures amounted to \$34,094 which was approximately 40% of the total expenditures of \$85,409 (M2 funded portion of \$51,315 and City's matching portion of \$34,094) which agreed to the City's general ledger detail of the M2 total expenditures. No exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine whether 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.

(Continued)

Findings: We selected 40 Measure M2 Senior Mobility Program expenditures for inspection totaling \$23,607 representing approximately 46% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 project U Senior/ Disabled Program Funding Policy Guidelines and the cooperative agreement. No exceptions were found as a result of this procedure.

7. Inquire as to the procedures used by the Eligible Jurisdictions 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. Any person who wants to join the Senior Transportation Program must fill out an application and provide a copy of their driver's license or Department of Motor Vehicles issued identification card for age verification. The City then verifies that the applicant is a resident of City of Brea, and 60 years of age or older in accordance with Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement. The City also maintains a copy of each application and the forms of verification on file. No exceptions were found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 in administrative costs. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no administrative costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. No exceptions were found as a result of this procedure.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. For Contractors procured prior to June 1, 2020, determine whether that the Contractor was selected using a competitive procurement process; and
 - b. Inspect 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 utilized California Yellow Cab to provide senior transportation services under the Senior Mobility Program. Crowe obtained and inspected the agreement and noted that the initial term of the agreement was from January 1, 2014 through December 31, 2014, with a provision to allow automatic renewal for "an additional one-year term by mutual agreement of both parties". Despite this language, the City indicated that the intention of the parties was for the agreement to continue annually in perpetuity unless cancelled in writing. As such, the City has not executed a new agreement, and has continued to operate under the original contract with California Yellow Cab through June 30, 2020, with no additional competitive procurement activities since 2013. Per inspection of the original contract, we found the language requiring that wheelchair accessible vehicles be made available and used as needed was included, as required. No other exceptions were found as a result of this procedure.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and perform the following:
 - a. Inspect the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement; and

(Continued)

- b. Determine whether 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 contractor, and determined that the requirements established in the cooperative agreement were met. Additionally, the current year proof of insurance for the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted by the last day of the following month.

Findings: We sampled four monthly summary reports (November 2019, December 2019, February 2020, and June 2020). Through inspection, we determined all four reports were timely submitted within 30 days of the following month end. OCLTA staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2019	December 31, 2019	December 30, 2019	-
December 2019	January 31, 2020	January 30, 2020	-
February 2020	March 31, 2020	March 31, 2020	-
June 2020	July 31, 2020	July 31, 2020	-

No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of 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 and is not intended to be, and should not be, used by anyone other than the specified party.


Crowe LLP

Costa Mesa, California
March 11, 2021

CITY OF BREA, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2020
(Unaudited)

SCHEDULE A

Measure M2 Senior Mobility Program Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Other Senior Mobility Project U	<u> 51,315</u>
 Total Measure M2 Senior Mobility Program Expenditures	 <u><u> \$ 51,315</u></u>

Note: The above amounts were taken directly from the financial records of the City of Brea and were not audited.



City of Brea

March 11, 2021

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

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 Brea as of and for the fiscal year ended June 30, 2020.

Procedure #4

Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: Based on the Expenditure Report (Schedule 2, line 8 – Project U), the City reported \$0 in interest revenue. Per inspection of the City's general ledger, we identified that Fund 110, General Fund included cash balances for various Measure M programs such as Measure M2 (Local Fair Share), and Senior Mobility Program. The City calculated interest earnings on a monthly basis using the ending cash balance of Measure M funds, but did not allocate or report interest to the Senior Mobility Program as required. The City should have allocated and reported interest of \$471 to the Senior Mobility Program. We inquired of City personnel regarding fare collection methodologies. The City did not charge fares for senior transportation services during the year, but monetary donations were accepted and credited to the program. No other exceptions were found as a result of this procedure.

City's Response:

Prior to FY 2015, the City was expending all SMP funds received on an annual basis. Therefore, there was no interest allocation required. Beginning with FY 2015, it appears that additional City funds were allocated to the program in excess of the required 20% match and therefore 100% of the Senior Mobility Program (SMP) funds were not spent each year. When this occurred interest was inadvertently not allocated to the unexpended balance. The City will be tracking these funds on a monthly basis going forward and allocating interest as appropriate through its quarterly interest allocation plan.

Procedure #9

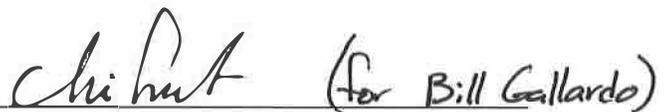
Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:

- a. For Contractors procured prior to June 1, 2020, determine whether that the Contractor was selected using a competitive procurement process; and
- b. Inspect 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 utilized California Yellow Cab to provide senior transportation services under the Senior Mobility Program. Crowe obtained and inspected the agreement and noted that the initial term of the agreement was from January 1, 2014 through December 31, 2014, with a provision to allow automatic renewal for "an additional one-year term by mutual agreement of both parties". Despite this language, the City indicated that the intention of the parties was for the agreement to continue annually in perpetuity unless cancelled in writing. As such, the City has not executed a new agreement, and has continued to operate under the original contract with California Yellow Cab through June 30, 2020, with no additional competitive procurement activities since 2013. Per inspection of the original contract, we found the language requiring that wheelchair accessible vehicles be made available and used as needed was included, as required. No other exceptions were found as a result of this procedure.

City's Response:

As indicated, City staff understood the contract language regarding the term supported the intention for this contract to renew annually unless cancelled in writing. Based on the feedback received as part of these agreed upon procedures, the City will be procuring a new contract through a new competitive process that includes a specified term of no more than five years with the intention to procure a new contract every five years through a competitive process. The City is targeting July 1, 2021 for a new contract start date.



William Gallardo, City Manager



Cindy Russell, Administrative Services Director



Tony Olmos, Public Works Director

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
Orange, California

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), related to the City of Costa Mesa's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2020. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

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

2. Describe which fund(s) the Eligible Jurisdiction 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, 2020. Agree the amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to Measure M2 Senior Mobility Program were tracked in the general ledger by fund, and program number. The City recorded its Senior Mobility Program expenditures in its General Fund (101), and various program numbers. The City reported \$95,203 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.

(Continued)

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2020, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt. For payments received during the fiscal year ended June 30, 2020, agree to the amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$278,062 for the past three fiscal years ended June 30, 2018, 2019 and 2020. We compared the fund balance of \$0 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$0; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$95,203 during the fiscal year ended June 30, 2020, to the general ledger detail and to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U) without exception. No exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: Based on the Expenditure Report (Schedule 2, line 8 – Project U), the City reported \$0 in interest revenue. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no interest revenues were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. We inspected the interest allocation methodology. The City of Costa Mesa methodology for interest calculation was to calculate the average monthly cash balance to determine if interest should be allocated to the program monthly for the fiscal year ended June 30, 2020. Given that the City had monthly negative cash balances for the entire fiscal year 20, no interest was allocated for the SMP for fiscal year 20. Additionally, we inquired of City personnel regarding fare collection methodologies. The City did not charge fare for senior transportation services during the year. No exceptions were found as a result of this procedure.

5. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2020.

Findings: We received the City's general ledger detail of matching expenditures, scanned for the types and sources of matching and agreed to supporting documentation, such as invoices, to determine whether the match amounts were justifiable and acceptable under the Ordinance. The total match expenditures amounted to \$24,296 which was approximately 20% of the total expenditures of \$119,499 (M2 funded portion of \$95,203 and City's matching portion of \$24,296) which agreed to the City's general ledger detail of the M2 total expenditures. No exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine whether 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.

(Continued)

Findings: We selected 25 Measure M2 Senior Mobility Program expenditures for inspection totaling \$69,522 representing approximately 73% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/ Disabled Program Funding Policy Guidelines and the cooperative agreement. No exceptions were found as a result of this procedure.

7. Inquire as to the procedures used by the Eligible Jurisdictions 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. Any person who wants to join the Senior Transportation Program must fill out an application and provide a copy of their driver's license or Department of Motor Vehicles issued identification card for age verification. The City then verifies that the applicant is a resident of City of Costa Mesa, and 60 years of age or older in accordance with Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement. The City also maintains a copy of each application and the forms of verification on file. No exceptions were found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 in administrative costs. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no administrative costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. No exceptions were found as a result of this procedure.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. For Contractors procured prior to June 1, 2020, determine whether that the Contractor was selected using a competitive procurement process; and
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on interview with City personnel, the City contracted with Keolis Transit Services, LLC to provide senior transportation services under the Senior Mobility Program. From inspecting the Keolis Transit Services, LLC procurement document, we found that the contractor was selected using a competitive procurement process. In addition, per inspection of the original contract, we found the language requiring that wheelchair accessible vehicles be made available and used as needed was included, as required. No exceptions were found as a result of this procedure.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and perform the following:
 - a. Inspect the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement; and
 - b. Determine whether 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 contractor, and determined that the requirements established in the Cooperative Agreement were met. Additionally, the current year proof of insurance for the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

(Continued)

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted by the last day of the following month.

Findings: We sampled four monthly summary reports (November 2019, December 2019, February 2020, and June 2020). Through inspection, we determined all four reports were timely submitted within 30 days of the following month end. OCLTA staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2019	December 31, 2019	December 31, 2019	-
December 2019	January 31, 2020	January 31, 2020	-
February 2020	March 31, 2020	March 31, 2020	-
June 2020	July 31, 2020	July 29, 2020	-

No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.


Crowe LLP

Costa Mesa, California
March 15, 2021

CITY OF COSTA MESA, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2020
(Unaudited)

SCHEDULE A

Measure M2 Senior Mobility Program Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Other Senior Mobility Project U	<u>95,203</u>
 Total Measure M2 Senior Mobility Program Expenditures	 <u>\$ 95,203</u>

Note: The above amounts were taken directly from the financial records of the City of Costa Mesa and were not audited.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
CITY OF CYPRESS

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Cypress' (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2020. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

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

2. Describe which fund(s) the Eligible Jurisdiction 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, 2020. Agree the amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to Measure M2 Senior Mobility Program were tracked in the general ledger by fund, and account number. The City recorded its Senior Mobility Program expenditures in its General Fund (212), and various account numbers. The City reported \$31,763 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.

(Continued)

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2020, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt. For payments received during the fiscal year ended June 30, 2020, agree to the amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$165,191 for the past three fiscal years ended June 30, 2018, 2019 and 2020. We compared the fund balance of \$79,671 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$79,671; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$57,890 during the fiscal year ended June 30, 2020, to the general ledger detail and to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U) without exception. No exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$1,322, which was calculated by multiplying the SMP average monthly cash balance of \$69,030 and the Measure M2 Fund interest rate of 1.92%. The City reported \$1,322 of interest income for the year ended June 30, 2019 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. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2020.

Findings: We received the City's general ledger detail of matching expenditures, scanned for the types and sources of matching funds and agreed to supporting documentation, such as invoices, to determine whether the match amounts were justifiable and acceptable under the Ordinance. The total match expenditures amounted to \$7,941 which was approximately 20% of the total expenditures of \$39,704 (M2 funded portion of \$31,763 and City's matching portion of \$7,941) which agreed to the City's general ledger detail of the M2 total expenditures. No exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine whether 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.

(Continued)

Findings: We selected 20 Measure M2 Senior Mobility Program expenditures for inspection totaling \$23,881 representing approximately 75% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/ Disabled Program Funding Policy Guidelines and the cooperative agreement. No exceptions were found as a result of this procedure.

7. Inquire as to the procedures used by the Eligible Jurisdictions 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. Any person who wants to join the Senior Transportation Program must fill out an application and provide a copy of their driver's license or Department of Motor Vehicles issued identification card for age verification. The City then verifies that the applicant is a resident of City of Cypress and does not exceed a monthly income cutoff, as specified in the City's service plan and is 60 years of age or older in accordance with Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement. The City also maintains a copy of each application and the forms of verification on file. No exceptions were found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 in administrative costs. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no administrative costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. No exceptions were found as a result of this procedure.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. For Contractors procured prior to June 1, 2020, determine whether that the Contractor was selected using a competitive procurement process; and
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on interview with City personnel, the City contracted with Yellow Cab to provide senior transportation services under the Senior Mobility Program. From inspecting the Yellow Cab procurement document, we found that the contractor was selected using a competitive procurement process. In addition, per inspection of the original contract, we found the language requiring that wheelchair accessible vehicles be made available and used as needed was included, as required. No exceptions were found as a result of this procedure.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and perform the following:
 - a. Inspect the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement; and
 - b. Determine whether 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 contractor, and determined that the requirements established in the cooperative agreement were met. Additionally, the current year proof of insurance for the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

(Continued)

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted by the last day of the following month.

Findings: We sampled four monthly summary reports (November 2019, December 2019, February 2020, and June 2020). Through inspection, we determined all four reports were timely submitted within 30 days of the following month end. OCLTA staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2019	December 31, 2019	December 18, 2019	-
December 2019	January 31, 2020	January 30, 2020	-
February 2020	March 31, 2020	March 19, 2020	-
June 2020	July 31, 2020	July 30, 2020	-

No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
March 12, 2021

CITY OF CYPRESS, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2020
(Unaudited)

SCHEDULE A

Measure M2 Senior Mobility Program Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Other Senior Mobility Project U	<u> 31,763</u>
 Total Measure M2 Senior Mobility Program Expenditures	 <u><u> \$ 31,763</u></u>

Note: The above amounts were taken directly from the financial records of the City of Cypress and were not audited.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
CITY OF LAGUNA HILLS

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Laguna Hills' (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2020. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

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

2. Describe which fund(s) the Eligible Jurisdiction 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, 2020. Agree the amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to Measure M2 Senior Mobility Program were tracked in the general ledger by fund, and object code. The City recorded its Senior Mobility Program expenditures in its General Fund (100), and Senior Mobility Program Fund (221), and various object codes. The City reported total SMP expenditures of \$36,754 on its Expenditure Report (Schedule 2, line 21 for Project U) for fiscal year 2020. The actual total SMP expenditures per the general ledger detail was \$40,429, a variance of \$3,675. The variance was due to the City's failure to include 10 percent in administrative charges assessed to the program. No other exceptions were found as a result of the procedure.

(Continued)

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2020, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt. For payments received during the fiscal year ended June 30, 2020, agree to the amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$112,259 for the past three fiscal years ended June 30, 2018, 2019 and 2020. We compared the fund balance of \$66,393 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$66,393; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$38,126 during the fiscal year ended June 30, 2020, to the general ledger detail and to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U) without exception. No exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$1,869, which was calculated by multiplying the SMP average monthly cash balance of \$80,526 and the Measure M2 Fund interest rate of 2.32%. The City reported \$1,869 of interest income for the year ended June 30, 2019 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. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2020.

Findings: We received the City's general ledger detail of matching expenditures, scanned for the types and sources of matching and agreed to supporting documentation, such as invoices, to determine whether the match amounts were justifiable and acceptable under the Ordinance. The total match expenditures amounted to \$10,107 which was approximately 20% of the total expenditures of \$50,536 (M2 funded portion of \$40,429 and City's matching portion of \$10,107) which agreed to the City's general ledger detail of the M2 total expenditures. No exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine whether 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: We selected nine Measure M2 Senior Mobility Program expenditures for inspection totaling \$33,763 representing approximately 84% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were exclusively for the Senior Mobility Program and met

(Continued)

the requirements outlined in the Measure M2 Project U Senior/ Disabled Program Funding Policy Guidelines and the cooperative agreement. No exceptions were found as a result of this procedure.

7. Inquire as to the procedures used by the Eligible Jurisdictions 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. Any person who wants to join the Senior Transportation Program must fill out an application and provide a copy of their driver's license or Department of Motor Vehicles issued identification card for age verification. The City then verifies that the applicant is a resident of City of Laguna Hills, and 60 years of age or older in accordance with Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement. The City also maintains a copy of each application and the forms of verification on file. No exceptions were found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines

Findings: Based on the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines, administrative (non-direct) costs up to 10 percent of total expenditures (or specifically \$1,682 for FY20) are allowed and considered eligible program expenses. However, the City charged a total of \$33,721 in indirect and administrative costs to the Measure M2 Senior Mobility Program. The City utilized a fee study report to allocate overhead charges to labor rates for direct labor charged to the program. In addition, the City assessed 10 percent of total program expenditures. As a result, the City exceeded the threshold by \$32,029.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. For Contractors procured prior to June 1, 2020, determine whether that the Contractor was selected using a competitive procurement process; and
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on interview with City personnel, the City contracted with Yellow Cab to provide senior transportation services under the Senior Mobility Program. From inspecting the Yellow Cab procurement document, we found that the contractor was selected using a competitive procurement process. In addition, per inspection of the original contract, we found the language requiring that wheelchair accessible vehicles be made available and used as needed was included, as required. No exceptions were found as a result of this procedure.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and perform the following:
 - a. Inspect the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement; and
 - b. Determine whether 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 contractor, and determined that the requirements established in the Cooperative Agreement were met. Additionally, the current year proof of insurance for the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

(Continued)

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted by the last day of the following month.

Findings: We sampled four monthly summary reports (November 2019, December 2019, February 2020, and June 2020).

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2019	December 31, 2019	December 12, 2019	-
December 2019	January 31, 2020	January 9, 2020	-
February 2020	March 31, 2020	April 6, 2020	6
June 2020	July 31, 2020	July 22, 2020	-

Through inspection, we determined that one of the four reports was not submitted within 30 days of month end to OCLTA. No other exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of 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 and is not intended to be, and should not be, used by anyone other than the specified party.


Crowe LLP

Costa Mesa, California
March 15, 2021

CITY OF LAGUNA HILLS, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2020
(Unaudited)

SCHEDULE A

Measure M2 Senior Mobility Program Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 33,721
Other Senior Mobility Project U	<u>6,708</u>
 Total Measure M2 Senior Mobility Program Expenditures	 \$ <u><u>40,429</u></u>

Note: The above amounts were taken directly from the financial records of the City of Laguna Hills and were not audited.



CITY OF LAGUNA HILLS

March 12, 2021

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

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 Hills as of and for the fiscal year ended June 30, 2020.

Procedure #2

Describe which fund(s) the Eligible Jurisdiction 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, 2020. Agree the amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to Measure M2 Senior Mobility Program were tracked in the general ledger by fund, and object code. The City recorded its Senior Mobility Program expenditures in its General Fund (100), and Senior Mobility Program Fund (221), and various object codes. The City reported total SMP expenditures of \$36,754 on its Expenditure Report (Schedule 2, line 21 for Project U) for fiscal year 2020. The actual total SMP expenditures per the general ledger detail was \$40,429, a variance of \$3,675. The variance was due to the City's failure to include 10 percent in administrative charges assessed to the program. No other exceptions were found as a result of the procedure.

City's Response:

The City agrees with the Finding and is in the process of revising its M2 Expenditure Report accordingly for the fiscal year ended June 30, 2020. The revised Expenditure Report will be resubmitted to OCTA.

Procedure #8

Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines

Findings: Based on the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines, administrative (non-direct) costs up to 10 percent of total expenditures (or specifically \$1,682 for FY20) are allowed and considered eligible program expenses. However, the City charged a total of \$33,721 in indirect and administrative costs to the Measure M2 Senior Mobility Program. The City utilized a fee study report to allocate overhead charges to labor rates for direct labor charged to the program. In addition, the City assessed 10 percent of total program expenditures. As a result, the City exceeded the threshold by \$32,029.

City's Response:

The City agrees with the Finding. Consequently, the City will restore the overage of \$32,029 to the SMP program and a revised M2 Expenditure Report for the fiscal year ended June 30, 2020, will be resubmitted to OCTA accordingly.

Procedure #11

Obtain and sample four monthly summary operations reports, and determine whether the reports were properly prepared and submitted by the last day of the following month.

Findings: We sampled four monthly summary reports (November 2019, December 2019, February 2020, and June 2020).

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2019	December 31, 2019	December 12, 2019	-
December 2019	January 31, 2020	January 9, 2020	-
February 2020	March 31, 2020	April 6, 2020	6
June 2020	July 31, 2020	July 22, 2020	-

Through inspection, we determined that one of the four reports was not submitted within 30 days of month end to OCTA. No other exceptions were found as a result of this procedure.

City's Response:

The City agrees with these findings. The untimely filing of the April monthly summary report was affected by the local emergency that was declared due to the COVID-19 health crisis.



Kenneth H. Rosenfield
Interim City Manager



David Reynolds
Deputy City Manager/Community Services Director



Janice Reyes
Finance Director

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
CITY OF PLACENTIA

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Placentia's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2020. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

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

2. Describe which fund(s) the Eligible Jurisdiction 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, 2020. Agree the amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to Measure M2 Senior Mobility Program were tracked in the general ledger by fund, and object code. The City recorded its Senior Mobility Program expenditures in its Measure M Fund (210), and various object codes. The City reported \$32,511 in the 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.

(Continued)

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2020, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt. For payments received during the fiscal year ended June 30, 2020, agree to the amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$764,874 for the past three fiscal years ended June 30, 2018, 2019 and 2020. We compared the fund balance of \$61,577 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$61,577; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$59,016 during the fiscal year ended June 30, 2020, to the general ledger detail and to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U) without exception. No exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: Based on the Expenditure Report (Schedule 2, line 8 – Project U), the City reported \$0 in interest revenue. Per inspection of the City's general ledger, we identified that Fund 110, General Fund included cash balances for various Measure M programs such as Measure M2 (Local Fair Share), and Senior Mobility Program. The City calculated interest earnings on a monthly basis using the ending cash balance of Measure M funds, but did not allocate or report interest to the Senior Mobility Program as required. The City should have allocated and reported interest of \$61,577 to the Senior Mobility Program. We inquired of City personnel regarding fare collection methodologies. The City did not charge fares for senior transportation services during the year, but monetary donations were accepted and credited to the program. No other exceptions were found as a result of this procedure.

5. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2020.

Findings: We received the City's general ledger detail of matching expenditures, scanned for the types and sources of matching and agreed to supporting documentation, such as invoices, to determine whether the match amounts were justifiable and acceptable under the ordinance. The total match expenditures amounted to \$8,128 which was approximately 20% of the total expenditures of \$40,639 (M2 funded portion of \$32,511 and City's matching portion of \$8,128) which agreed to the City's general ledger detail of the M2 total expenditures. No exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine whether 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.

(Continued)

Findings: We selected seven Measure M2 Senior Mobility Program expenditures for inspection totaling \$24,582 representing approximately 76% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/ Disabled Program Funding Policy Guidelines and the cooperative agreement. No exceptions were found as a result of this procedure.

7. Inquire as to the procedures used by the Eligible Jurisdictions 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. Any person who wants to join the Senior Transportation Program must fill out an application and provide a copy of their driver's license or Department of Motor Vehicles issued identification card for age verification. The City then verifies that the applicant is a resident of City of Placentia, and 60 years of age or older in accordance with Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement. The City also maintains a copy of each application and the forms of verification on file. No exceptions were found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 in administrative costs. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no administrative costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. No exceptions were found as a result of this procedure.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. For Contractors procured prior to June 1, 2020, determine whether that the Contractor was selected using a competitive procurement process; and
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on interview with City personnel, the City contracted with Keolis Transit Services, LLC to provide senior transportation services under the Senior Mobility Program. From inspecting the Keolis Transit Services, LLC procurement document, we found that the contractor was selected using a competitive procurement process. In addition, per inspection of the original contract, we found the language requiring that wheelchair accessible vehicles be made available and used as needed was included, as required. No exceptions were found as a result of this procedure.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and perform the following:
 - a. Inspect the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement; and
 - b. Determine whether 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 contractor, and determined that the requirements established in the Cooperative Agreement were met. Additionally, the current year proof of insurance for the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

(Continued)

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted by the last day of the following month.

Findings: We sampled four monthly summary reports (November 2019, December 2019, February 2020, and June 2020). Through inspection, we determined all four reports were timely submitted within 30 days of the following month end. OCLTA staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2019	December 31, 2019	December 19, 2019	-
December 2019	January 31, 2020	January 30, 2020	-
February 2020	March 31, 2020	March 31, 2020	-
June 2020	July 31, 2020	July 30, 2020	-

No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of 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 and is not intended to be, and should not be, used by anyone other than the specified party.


Crowe LLP

Costa Mesa, California
March 11, 2021

CITY OF PLACENTIA, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2020
(Unaudited)

SCHEDULE A

Measure M2 Senior Mobility Program Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Other Senior Mobility Project U	<u>32,511</u>
 Total Measure M2 Senior Mobility Program Expenditures	 <u><u>\$ 32,511</u></u>

Note: The above amounts were taken directly from the financial records of the City of Placentia and were not audited.

Exhibit 1

The People are the City



Mayor
CRAIG S. GREEN
Mayor Pro Tem
CHAD P. WANKE
Councilmembers:
RHONDA SHADER
WARD L. SMITH
JEREMY B. YAMAGUCHI

City Clerk:
ROBERT S. MCKINNELL
City Treasurer
KEVIN A. LARSON
City Administrator
DAMIEN R. ARRULA

401 East Chapman Avenue – Placentia, California 92870

March 11, 2021

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

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 Placentia as of and for the fiscal year ended June 30, 2020.

Procedure #4

Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: Based on the Expenditure Report (Schedule 2, line 8 – Project U), the City reported \$0 in interest revenue. Per inspection of the City's general ledger, we identified that Fund 110, General Fund included cash balances for various Measure M programs such as Measure M2 (Local Fair Share), and Senior Mobility Program. The City calculated interest earnings on a monthly basis using the ending cash balance of Measure M funds, but did not allocate or report interest to the Senior Mobility Program as required. The City should have allocated and reported interest of \$1,174 to the Senior Mobility Program. We inquired of City personnel regarding fare collection methodologies. The City did not charge fares for senior transportation services during the year, but monetary donations were accepted and credited to the program. No other exceptions were found as a result of this procedure.

City's Response: The city agrees that interest was not allocated to the Senior Mobility Program. The city will restore and allocate back the interest that should have been allocated.



Damien Arrula, City Administrator



Luis Estevez, Deputy City Administrator



Jessica Brown, Finance Director

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
CITY OF STANTON

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Stanton's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2020. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

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

2. Describe which fund(s) the Eligible Jurisdiction 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, 2020. Agree the amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to Measure M2 Senior Mobility Program were tracked in the general ledger by fund, and account number. The City recorded its Senior Mobility Program expenditures in its Senior Transportation Fund (251), and various account numbers. The City reported \$15,178 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.

(Continued)

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2020, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt. For payments received during the fiscal year ended June 30, 2020, agree to the amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$102,706 for the past three fiscal years ended June 30, 2018, 2019 and 2020. We compared the fund balance of \$37,002 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$37,002; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$46,113 during the fiscal year ended June 30, 2020, to the general ledger detail and to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U) without exception. No exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: Based on the Expenditure Report (Schedule 2, line 8 – Project U), the City reported \$0 in interest revenue. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no interest revenues were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. We inspected the interest allocation methodology. The City of Stanton methodology for interest calculation was to calculate the average cash balance for the entire FY to determine if interest should be allocated to the program for the fiscal year ended June 30, 2020. Given that the City had an average cash balance of the program was (\$2,064), no interest was allocated for the SMP for fiscal year 20. 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. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2020.

Findings: We received the City's general ledger detail of matching expenditure, scanned for the types and sources of matching and agreed to supporting documentation, such as invoice, to determine whether the match amounts were justifiable and acceptable under the ordinance. The total match expenditures amounted to \$6,563 which was approximately 30% of the total expenditures of \$21,741 (M2 funded portion of \$15,178 and City's matching portion of \$6,563) which agreed to the City's general ledger detail of the M2 total expenditures. No exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine whether 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.

(Continued)

Findings: We selected 12 Measure M2 Senior Mobility Program expenditures for inspection totaling \$11,401 representing approximately 75% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected 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. No exceptions were found as a result of this procedure.

7. Inquire as to the procedures used by the Eligible Jurisdictions 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. Any person who wants to join the Senior Transportation Program must fill out an application and provide a copy of their driver's license or Department of Motor Vehicles issued identification card for age verification. The City then verifies that the applicant is a resident of City of Stanton, and 60 years of age or older in accordance with Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement. The City also maintains a copy of each application and the forms of verification on file. No exceptions were found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$1,976 in administrative costs. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, administrative costs of \$1,976 were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. We calculated and noted that the percentage of the administrative costs were 9.1% of the total M2 expenditure of \$21,741 (M2 funded portion of \$15,178 and City's matching portion of \$6,563) which did not exceed 10%, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. No exceptions were found as a result of this procedure.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. For Contractors procured prior to June 1, 2020, determine whether that the Contractor was selected using a competitive procurement process; and
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on interview with City personnel and inspection of general ledger detail of expenditures, the City did not contract with a third-party provider to provide senior transportation services under the Senior Mobility Program. As a result, we did not perform the procedures listed above.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and perform the following:
 - a. Inspect the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement; and
 - b. Determine whether 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 of Stanton that used in-house staff to provide services for the Senior Mobility Program, and determined that the requirements established in the Cooperative Agreement were met. Additionally, the current year proof of insurance for the City was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

(Continued)

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted by the last day of the following month.

Findings: We sampled four monthly summary reports (November 2019, December 2019, February 2020, and June 2020). Through inspection, we determined all four reports were timely submitted within 30 days of the following month end. OCLTA staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2019	December 31, 2019	December 12, 2019	-
December 2019	January 31, 2020	January 21, 2020	-
February 2020	March 31, 2020	March 17, 2020	-
June 2020	July 31, 2020	July 20, 2020	-

No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.


Crowe LLP

Costa Mesa, California
March 11, 2021

CITY OF STANTON, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2020
(Unaudited)

SCHEDULE A

Measure M2 Senior Mobility Program Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 1,976
Other Senior Mobility Project U	<u>13,202</u>
 Total Measure M2 Senior Mobility Program Expenditures	 <u><u>\$ 15,178</u></u>

Note: The above amounts were taken directly from the financial records of the City of Stanton and were not audited.

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR NON-EMERGENCY
MEDICAL TRANSPORTATION PROGRAM**

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2020

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR NON-EMERGENCY
MEDICAL TRANSPORTATION PROGRAM**

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2020

The County of Orange was selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2020.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
COUNTY OF ORANGE

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the County of Orange's (County) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The County's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the County compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2020. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement between OCLTA and the County of Orange and determine that the agreement was properly approved and executed.

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

2. Describe which funds the County used to track expenditures relating to Senior Non-Emergency Medical Transportation Program (SNEMT) monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the amount listed as expended on schedule 2 of expenditure report. Explain any differences.

Findings: The County's expenditures relating to the Measure M2 Senior Non-Emergency Medical Transportation Program were tracked in the general ledger by fund, and account. The County recorded its SNEMT expenditures in its General Fund (100) and various accounts. The County reported \$2,773,820 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.

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3. Obtain a listing of Measure M2 SNEMT payments made from OCLTA to the County and calculate the amount the County has received for the past three fiscal years. Obtain the cash balance of the County's SNEMT funds as of June 30, 2020 and determine whether funds are expended within three years of receipt. For payments received during the fiscal year ended June 30, 2020, agree to the amount listed as received on schedule 2 of the County's Expenditure Report. Explain any differences.

Findings: The County received \$9,016,941 for the past three fiscal years ended June 30, 2018, 2019 and 2020. We compared the fund balance of \$967,112 from the general ledger detail to the fund balance reported in the County's Expenditure Report (Schedule 1, line 24) of \$967,112; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$3,303,196 during the fiscal year ended June 30, 2020, to the general ledger detail and to the amount listed as received on the County's Expenditure Report (Schedule 2, line 8 for Project U) without exception. No exceptions were identified as a result of this procedure.

4. Determine if the County's interest allocation methodology is adequate to ensure the proper amount of interest was credited to the Measure M2 SNEMT fund.

Findings: We obtained the County's interest allocation methodology. We identified interest income of \$19,117, which was calculated by multiplying the SNEMT average monthly cash balance of \$1,016,885 and the Measure M2 Fund average monthly interest rate of 1.88%. The County reported \$19,117 of interest income for the year ended June 30, 2020 which agreed to the County's Expenditure Report (Schedule 2, Line 8 for Project U). We inspected the interest allocation methodology. No exceptions were found as a result of this procedure.

5. Determine the amount of Tobacco Settlement funds required to be funded by the County for the fiscal year ending June 30, 2020 (e.g. obtain from OCLTA the percentage requirement and apply to the annual state allocation of Tobacco Settlement funds for the year under review).

Findings: Crowe obtained the percentage requirement of 5.27% from OCLTA and applied to the annual state allocation of \$29,606,734 of Tobacco Settlement funds for the year under review. Crowe determined the amount of Tobacco Settlement funds required to be funded by the County for the fiscal year ending June 30, 2020 was \$1,560,275. No exceptions were found as a result of this procedure.

6. Determine that the County funded the required annual amount of Tobacco Settlement funds on the SNEMT program and select a sample from the general ledger to determine whether the expenditures are related to the SNEMT program.

Findings: Crowe determined the County funded \$1,665,887 of Tobacco Settlement funds to the SNEMT program which exceeded the required annual amount to be funded of \$1,560,275. We inspected Measure M2 SNEMT expenditures funded by Tobacco Settlement funds totaling \$1,099,260 representing 75% of total expenditures funded by Tobacco Settlement for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were exclusively for SNEMT and met the requirements. No exceptions were found as a result of this procedure.

7. Select a sample of Measure M2 SNEMT expenditures from the County's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine whether the expenditures selected in (a) above are exclusively for the SNEMT program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy guidelines and the cooperative agreement.

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Findings: We inspected M2 SNEMT expenditures totaling \$2,501,341, representing 91% of total direct Measure M2 SNEMT expenditures for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were exclusively for SNEMT and met the requirements outlined in the Measure M2 Project Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement C-1-2583 between the Orange County Transportation Authority and County of Orange for Senior Non-Emergency Medical Transportation Program (cooperative agreement). No exceptions were found as a result of this procedure.

8. Inquire as to the procedures used by the County 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. Any person who wants to join the SNEMT program must fill out an application and provide a copy of their driver's license or Department of Motor Vehicles issued identification card for age verification. The County then verifies that the applicant is a resident of County of Orange, and 60 years of age or older in accordance with the Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement. No exceptions were found as a result of this procedure.

9. Identify whether or not indirect costs were charged as Measure M2 SNEMT expenditures. If applicable, compare indirect costs identified to the amount reported on the County's Expenditure Report. Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected, and percentage of dollar amount inspected over total indirect costs. Inspect the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Per discussions with the County's accounting personnel and inspection of the general ledger expenditure detail, \$16,678 of indirect costs were identified as Measure M2 SNEMT expenditures for the fiscal year ended June 30, 2020. We inspected Measure M2 SNEMT expenditures totaling \$9,864 representing 59% of total indirect costs expenditures for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were exclusively for SNEMT and met the requirements outlined in the Measure M2 Project Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement. In addition, we determined that the indirect SNEMT costs were substantiated by a written Indirect Cost Allocation Plan prepared within five years. No exceptions were found as a result of this procedure.

10. Determine if the County contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. Determine whether the Contractor was selected using a competitive procurement process; and
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on interview with County personnel, the County contracted with Age Well, and Abrazar to provide non-emergency medical transportation for adults age 60 and older, and who lack other reasonable means of medical-related transportation. From inspecting the Age Well and Abrazar procurement documents, we found that the contractors were selected using a competitive procurement process. In addition, per inspection of the original contracts, we found the language requiring that wheelchair accessible vehicles be made available and used as needed was included, as required. No exceptions were found as a result of this procedure.

11. Obtain the proof of insurance coverage for the County's Contractor and perform the following:
 - a. Inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement; and
 - b. Determine whether current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

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Findings: We obtained and inspected the insurance coverage for the contractors, and determined that the requirements established in the cooperative agreement were met. Additionally, the current year proof of insurance for the County's contractors was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

12. Obtain the quarterly summary reports and determine the reports were properly prepared and submitted within forty-five (45) days.

Findings: We inspected all four quarterly summary reports (September 2019, December 2019, March 2020, and June 2020). Through inspection, we determined all four reports were timely submitted within 45 days of the following quarter end. OCLTA staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
September 2019	November 15, 2019	November 5, 2019	-
December 2019	February 15, 2020	February 10, 2020	-
March 2020	May 15, 2020	April 27, 2020	-
June 2020	August 15, 2020	August 6, 2020	-

No exceptions were found as a result of this procedure.

13. Inspect the four quarterly SNEMT reports during fiscal year 20 and determine whether the quarterly reports had indicated % of actual expenditures to be higher than 75% (Year to Date Actuals / Year to Date Budget). If the percentage of actual expenditures are higher than 75%, inquire with the County whether they had implemented prioritization of trips. Also, determine whether actual expenditures exceeded available program funding and whether OCLTA was notified as required.

Findings: Based upon inspection of the four quarterly SNEMT reports during Fiscal Year 2020, the fourth quarter report indicated actual expenditures to be 83% of budgeted expenditures. Per the Measure M2 Project Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement, the County may implement prioritization of trips; however, the County decided not to implement it. Crowe determined the actual expenditures for FY20 did not exceed available program funding. No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the County's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.


Crowe LLP

Costa Mesa, California
March 11, 2021

COUNTY OF ORANGE, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR NON-EMERGENCY MEDICAL TRANSPORTATION
PROGRAM EXPENDITURES
Year ended June 30, 2020
(Unaudited)

SCHEDULE A

Measure M2 Senior Non-Emergency Medical Transportation Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 16,678
Other Senior Non-Emergency Medical Transportation Project U	<u>2,757,142</u>
 Total Measure M2 Senior Non-Emergency Medical Transportation Expenditures	 <u><u>\$ 2,773,820</u></u>

Note: The above amounts were taken directly from the financial records of the County of Orange and were not audited.