

## **Orange County Transportation Authority**

### Finance and Administration Committee Agenda Wednesday, April 23, 2025 at 10:30 a.m.

Board Room, 550 South Main Street, Orange, California

### **Committee Members**

Michael Hennessey, Chair Patrick Harper, Vice Chair Mike Carroll Jamey M. Federico Carlos A. Leon Vicente Sarmiento Mark Tettemer

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the Orange County Transportation Authority (OCTA) Clerk of the Board's office at (714) 560-5676, no less than two business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

### Agenda Descriptions

Agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Committee may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

### Public Availability of Agenda Materials

All documents relative to the items referenced in this agenda are available for public inspection at www.octa.net or through the Clerk of the Board's office at the OCTA Headquarters, 600 South Main Street, Orange, California.

### Meeting Access and Public Comments on Agenda Items

Members of the public can either attend in-person or access live streaming of the Committee meetings by clicking this link: https://octa.legistar.com/Calendar.aspx

### In-Person Comment

Members of the public may attend in-person and address the Board regarding any item within the subject matter jurisdiction of the Orange County Transportation Authority. Please complete a speaker's card and submit it to the Clerk of the Board and notify the Clerk regarding the agenda item number on which you wish to speak. Speakers will be recognized by the Chair at the time of the agenda item is to be considered by the Board. Comments will be limited to three minutes. The Brown Act prohibits the Board from either discussing or taking action on any non-agendized items.

### Written Comment

Written public comments may also be submitted by emailing them to ClerkOffice@octa.net, and must be sent by 5:00 p.m. the day prior to the meeting. If you wish to comment on a specific agenda Item, please identify the Item number in your email. All public comments that are timely received will be part of the public record and distributed to the Board. Public comments will be made available to the public upon request.

### Call to Order

Pledge of Allegiance

Director Leon

### **Closed Session**

There are no Closed Session items scheduled.

### **Special Calendar**

1. Proposed Fiscal Year 2025-26 Southern California Regional Rail Authority Budget Megan Taylor/Johnny Dunning, Jr.

### Overview

Metrolink staff will present an overview (with presentation) of the draft Southern California Regional Rail Authority Fiscal Year 2025-26 Budget, including the Orange County Transportation Authority's proposed share of operating, rehabilitation, and capital expenses for Metrolink Regional Rail Service.

### Attachments:

**Presentation** 

### Consent Calendar (Items 2 through 8)

All items on the Consent Calendar are to be approved in one motion unless a Committee Member or a member of the public requests separate action or discussion on a specific item.

### 2. Approval of Minutes

Clerk of the Board

### Recommendation(s)

Approve the minutes of the March 26, 2025 Finance and Administration Committee meeting.

### Attachments:

Minutes

### 3. Fiscal Year 2024-25 Internal Audit Plan, Third Quarter Update

Janet Sutter

### Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2024-25 Internal Audit Plan on July 22, 2024. This report provides an update on activities for the third quarter of the fiscal year.

### Recommendation(s)

Receive and file the third quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2024-25 Internal Audit Plan as an information item.

### Attachments:

<u>Staff Report</u> <u>Attachment A</u> <u>Attachment B</u> <u>Attachment C</u>

4. Independent Accountants' Report on Applying Agreed-Upon Procedures, City of Buena Park

Janet Sutter

### Overview

Crowe LLP, an independent accounting firm, has applied agreed-upon procedures related to a settlement agreement between the City of Buena Park and the Orange County Transportation Authority. Based on the procedures performed, the City of Buena Park repaid misspent Local Fair Share funds, obtained an unmodified (clean) opinion on its Annual Comprehensive Financial Report for the Year Ended 2024, spent sufficient funds to meet required minimum maintenance of effort expenditures, and its Local Fair Share expenditures were allowable per the Measure M2 Ordinance.

### Recommendation(s)

Receive and file as an information item.

### Attachments:

<u>Staff Report</u> <u>Attachment A</u>

# 5. Independent Accountant's Report on Applying Agreed-Upon Procedures, City of Orange

Janet Sutter

### Overview

Crowe LLP, an independent accounting firm, has applied agreed-upon procedures related to Measure M2 maintenance of effort expenditures by the City of Orange for the fiscal year ended June 30, 2024. Based on the procedures performed, the City of Orange spent sufficient funds to meet the required minimum expenditures outlined in a settlement agreement between the City of Orange and the Orange County Transportation Authority.

### Recommendation(s)

Direct staff to develop recommendations for Board of Directors' action related to the status of the City of Orange's Measure M2 eligibility.

### Attachments:

Staff Report

Attachment A

### 6. Orange County Transportation Authority Investment and Debt Programs Report -February 2025

Robert Davis/Andrew Oftelie

### Overview

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending February 28, 2025. The report has been reviewed and is consistent with the investment practices contained in the investment policy.

### Recommendation(s)

Receive and file as an information item.

### Attachments:

<u>Staff Report</u> <u>Attachment A</u> <u>Attachment B</u>

### 7. Approval of the Fiscal Year 2025-26 Local Transportation Fund Claim for Laguna Beach Public Transportation Services

Sam Kaur/Andrew Oftelie

### Overview

The Laguna Beach Municipal Transit Lines, a department within the City of Laguna Beach, is eligible to receive funding from the Local Transportation Fund in Orange County for providing public transportation services throughout the city. To receive the funds, the Laguna Beach Municipal Transit Lines must file a claim against the Local Transportation Fund with the Orange County Transportation Authority.

### Recommendation(s)

- A. Approve the Laguna Beach Municipal Transit Lines Fiscal Year 2025-26 Local Transportation Fund Claim for public transportation services in the amount of \$1,495,895.
- B. Authorize the Chief Executive Officer of the Orange County Transportation Authority to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the amount of the claim.

### Attachments:

### Staff Report

### 8. Approval of the Fiscal Year 2025-26 Local Transportation Fund Claim for Public Transportation and Community Transit Services Sam Kaur/Andrew Oftelie

### Overview

The Orange County Transit District is eligible to receive funding from the Local Transportation Fund for providing public transportation and community transit services throughout Orange County. To receive the funds, the Orange County Transit District must file a claim against the Local Transportation Fund with the Orange County Transportation Authority.

### Recommendation(s)

- A. Approve the Orange County Transit District Fiscal Year 2025-26 Local Transportation Fund Claim for public transportation services in the amount of \$208,460,790, and for community transit services in the amount of \$11,050,352 for a total claim amount of \$219,511,142.
- B. Authorize the Chief Executive Officer to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the full amount of the claims.

### Attachments:

### Staff Report

### **Regular Calendar**

9. Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2024 Janet Sutter

### Overview

Crowe LLP, an independent accounting firm, has applied agreed-upon procedures related to Measure M2 Local Fair Share funds provided to nine cities and the County of Orange, and Senior Mobility Program funds provided to five cities, for the fiscal year ended June 30, 2024. Local Fair Share program reports include observations of disallowed Local Fair Share and maintenance of effort expenditures, expenditure report errors, an incomplete Capital Improvement Program report, and expenditure reports lacking project detail. Senior Mobility Program reports included observations relating to expenditure report errors, late submission of a monthly report, and overcharging for administrative costs.

### Recommendation(s)

- A. Direct staff to monitor implementation of corrective actions by cities.
- B. Direct staff to review with legal counsel the results of agreed-upon procedures applied to the City of Huntington Beach and develop recommendations for Board of Directors' consideration to address the exception related to disallowed Local Fair Share expenditures.
- C. Direct staff to follow up with the City of Mission Viejo to obtain a revised Measure M2 Expenditure Report, evaluate whether administrative costs related to the Senior Mobility Program exceeded the ten percent threshold, and, if applicable, recover the overage.
- D. Direct staff to consult with legal counsel, develop guidelines for allowable uses of Local Fair Share funds for "other transportation purposes" and provide communication to cities.

### Attachments:

Staff Report Attachment A Attachment B Attachment C Attachment D

## 10. Orange County Local Transportation Authority Report on Compliance with the Measure M2 Ordinance, Year Ended June 30, 2024 Janet Sutter

### Overview

Crowe LLP, an independent accounting firm, has issued results of its audit of the Orange County Local Transportation Authority's compliance with the Measure M2 Ordinance for the year ended June 30, 2024. The auditors found that the Orange County Local Transportation Authority complied, in all material respects, with the compliance requirements of the Measure M2 Ordinance for the year ended June 30, 2024. In addition, no reportable deficiencies in internal control over compliance were identified.

### Recommendation(s)

- A. Receive and file as an information item.
- B. Approve a request from the Measure M2 Taxpayer Oversight Committee to conduct Measure M2 compliance audits on an annual basis. If approved, authorize an increase in contract budget of \$400,000 for fiscal years 2024-25 and 2025-26 under Agreement No. C-3-2931 with Crowe LLP, increasing the maximum obligation to \$2,185,500.

### Attachments:

Staff Report

Attachment A

### 11. Orange County Transportation Authority Fiscal Year 2025-26 Budget Workshop Preview

Victor Velasquez/Andrew Oftelie

### Overview

The Orange County Transportation Authority is developing the fiscal year 2025-26 proposed budget, which identifies available revenues and costs associated with providing transportation services and programs for Orange County. The fiscal year 2025-26 proposed budget will be reviewed in detail during an informal workshop following the May 12, 2025, Orange County Transportation Authority Board of Directors meeting.

### Recommendation(s)

Review the fiscal year 2025-26 proposed budget in a workshop setting following the regularly scheduled Orange County Transportation Authority Board of Directors meeting on May 12, 2025.

### Attachments:

<u>Staff Report</u> <u>Attachment A</u>

### **Discussion Items**

12. Measure M2 Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), Series 2025 Pricing Summary

Robert Davis/Andrew Oftelie

### Overview

Staff will provide a summary of the pricing results for the refunding of the Measure M2 Sales Tax Revenue Bonds, Series 2010A (Build America Bonds).

### Attachments:

**Presentation** 

- 13. Public Comments
- 14. Chief Executive Officer's Report

### **15.** Committee Members' Reports

### 16. Adjournment

The next regularly scheduled meeting of this Committee will be held:

**10:30 a.m. on Wednesday, May 14, 2025** OCTA Headquarters Board Room 550 South Main Street Orange, California



# METROLINK

Proposed FY26 Budget Review for OCTA Finance and Administration Committee

April 23, 2025



# Agenda

- Budget Challenges
- FY26 Budget Assumptions
- Proposed FY26 Operating Budget
- Proposed FY26 Capital Program Budget
- FY26 Budget Summary

## **Our Operating Budget Challenges**

- Ridership and Revenue are growing slowly but continues to lag prepandemic numbers.
- Operating expenses increasing Year-over-Year
  - ~60% of the FY26 Operational costs are fixed.
- Member Agencies are projected to provide **78**% of the FY26 funding for operating expenses. A slight reduction of 2% versus FY25.
- Financial challenges continue to place a burden on Member Agencies.

# **Proposed FY26 Operating Budget Assumptions**

### Service Level:

• Optimized Service Schedule

### **Revenue:**

- Revenue / Ridership based on Updated Sperry Capital / KPMG Forecast
- No Fare Increases
- New Fare Promotions
- Student/Youth Discount 50% (No Student Ride Free Program)
- Fare Restructure Impacts

### **Expenses:**

- Contractor Increases only as Mandated by Agreements
- 4 FTE Headcount (2 CFR 245 & 246 + 1 Legal + Outside 20' Coordinator for LA Metro)
- 3.0% Merit Pool & 3.0% COLA
- New Regulation Support CFR 245 & 246
- 2028 Olympics Readiness
- No Special Trains (i.e. Angels Train, New Years Train, etc.)

### Note: Arrow Service is a Separate Budget



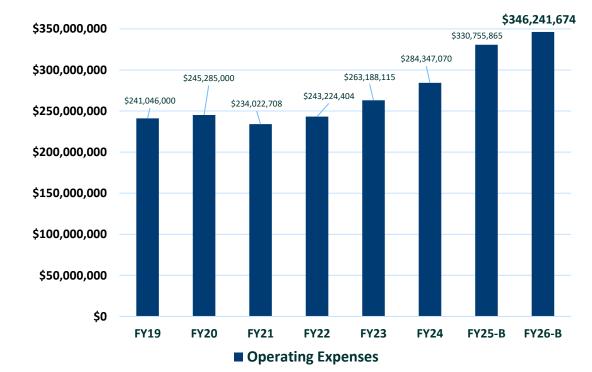
# **Operating Budget**



# Proposed FY26 Operating Budget Summary

- Operating Revenue **\$76.9M** 
  - Increase from FY25 of **\$8.9M** or **13.1%**
- Total Expenses **\$346.2M**
  - Increase from FY25 of **\$15.5M** or **4.7%**
- Member Agency Support **\$269.3M**
  - Increase from FY25 of **\$6.6M** or **2.5%**

# **Operating Expenses FY19 – FY26**



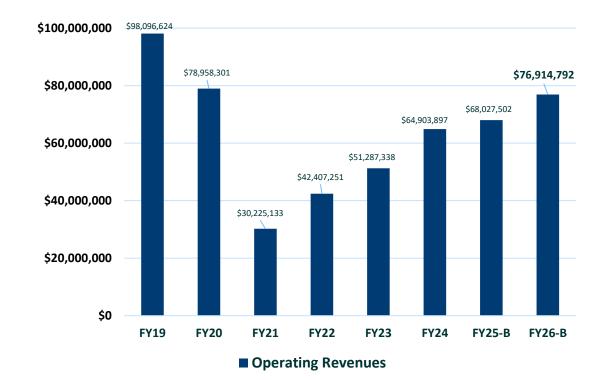
#### Notes:

- FY19, FY20, FY21, FY22, FY23, & FY24 Actuals
- FY25 & FY26 Budgets not Actuals

## Operating Expenses FY19 – FY26

METROLINK

# **Operating Revenues FY19 – FY26**



Operating Revenues *FY19 – FY26* 

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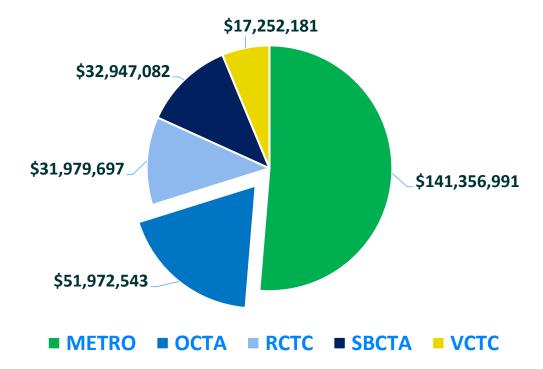
#### Note:

- FY19, FY20, FY21, FY22, FY23, & FY24 Actuals
- FY25 & FY26 Budgets not Actuals (does include Student Adventure Pass)

Operating Support Required from Member Agencies

## Proposed FY26 Operating Support Required by Member Agency

**Operating Support Required (\$275.5M)** 



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Notes:

Includes LA Metro Outside 20', SBCTA SB Sheriffs, 2028 Olympics Readiness, and New Regulation – CFR 245 & 246

## FY26 Operating Budget Summary – Major Expense Drivers

	FY25	FY25 FY26		Variance	
(\$000-)	Adopted	Proposed	FY26 Proposed vs FY25 Adopted		
(\$000s)	Budget	Budget			
			\$ Variance	% Variance	
Operations & Services					
Train Operators	47,776	54,293	6,517	13.64%	
Materials	12,350	15,160	2,810	22.75%	
Operating Facilities Maintenance	2,486	5,150	2,664	107.16%	
Security - LA Sheriffs	12,785	13,785	1,000	7.82%	
Security - SB Sheriffs	-	3,290	3,290	n/a	
TVM Maintenance/Revenue Collection	4,929	6,035	1,107	22.45%	
Marketing	3,003	3,651	648	21.57%	
Station Maintenance	6,266	6,980	714	11.40%	
Special Trains	500	-	(500)	-100.00%	
Maintenance-of-Way					
MoW - Line Segments	44,890	52,672	7,782	17.34%	
Administration & Services					
Ops Salaries & Benefits	17,764	19,553	1,789	10.07%	
Indirect Administrative Expenses	24,283	26,741	2,459	10.13%	
Mobilization	10,338	-	(10,338)	-100.00%	
Student Adventure Pass	3,211	-	(3,211)	-100.00%	
2028 Olympics Readiness	-	1,100	1,100	n/a	
CFR 245-246	-	500	500	n/a	
Outside 20'	1,300	2,891	1,591	122.42%	



# FY26 Capital Program Budget



# **Proposed FY26 Capital Program Overview**

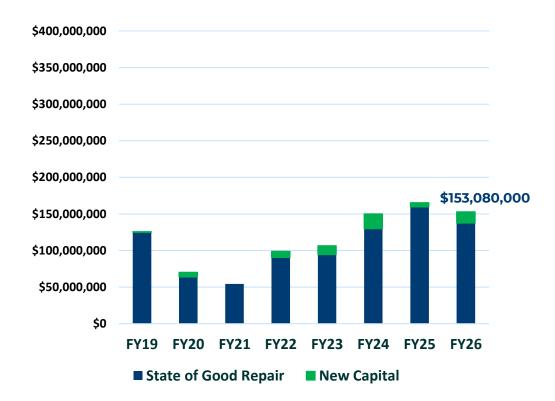
State of Good Repair - \$137.5M
Decrease from FY25 of (\$22.1M) or -13.9%

New Capital - \$15.6M
Increase from FY25 of \$9.7M or 164.4%

## FY26 Capital Program FY19 – FY26

- SGR
- New Capital

# Proposed FY26 Capital Program FY19 – FY26 State of Good Repair & New Capital



### METROLINK

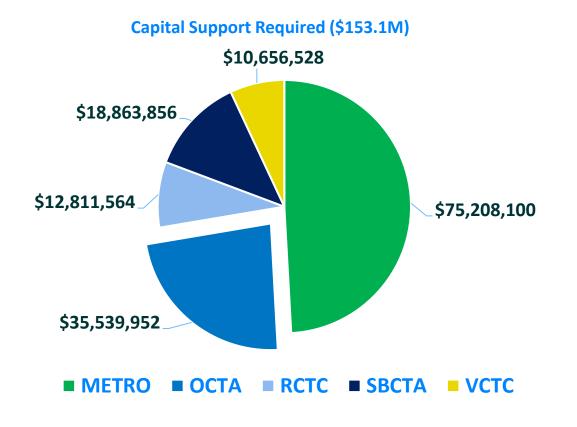
#### Note:

• FY23 data does not include New Capital Tier 4 Locomotive Purchase

FY26 Capital Program By Member Agency - SGR

- New Capital

## Proposed FY26 Capital Program Support Required By Member Agency

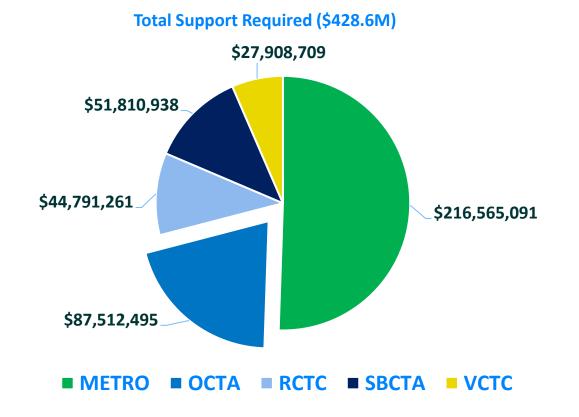




# FY26 Operating & Capital Budget

Proposed FY26 Budget (Operating & Capital Program) Support Required from Member Agencies

### Proposed FY26 Operating and Capital Budgets Support Required by Member Agency



### METROLINK

#### Notes:

Includes LA Metro Outside 20', SBCTA SB Sheriffs, 2028 Olympics Readiness, and New Regulation – CFR 245 & 246

## Proposed FY26 Operating and Capital Budgets Summary of Support Required by Member Agency

FY26 Operating and Capital Budgets Summary of Support Required by Member Agencies

	FY26 Proposed Budget					
	METRO	OCTA	RCTC	SBCTA	VCTC	TOTAL
<b>Total Operating Support</b>	141,356,991	51,972,543	31,979,697	32,947,082	17,252,181	275,508,494
Total Capital Support	75,208,100	35,539,952	12,811,564	18,863,856	10,656,528	153,080,000
Total	216,565,091	87,512,495	44,791,261	<b>51,810,938</b>	27,908,709	428,588,494
		FY25 Adopted Budget				
	METRO	ΟΟΤΑ	RCTC	SBCTA	VCTC	TOTAL
<b>Total Operating Support</b>	137,759,830	50,331,477	30,289,196	29,569,677	16,078,182	264,028,362
Total Capital Support	70,373,350	39,103,480	21,381,360	22,707,840	11,973,720	165,539,750
Total	208,133,180	89,434,957	51,670,556	52,277,517	28,051,902	429,568,112
		Year-Over-Year Variance				
	METRO	ОСТА	RCTC	SBCTA	VCTC	TOTAL
Total Support	8,431,911	(1,922,462)	(6,879,295)	(466,579)	(143,193)	(979,618)
% variance	4.1%	-2.1%	-13.3%	-0.9%	-0.5%	-0.2%
·						

### METROLINK

# FY26 Budget Summary

- Our Member Agency CEOs encouraged us to partner with consultants to review our service and equipment usage. The results of the partnership is the Optimized Service Schedule.
- We are focused on growing ridership & revenue through reimagining Metrolink.
- Our consultants advise that we will need two years to see results of the Optimized Service Schedule.
- This Budget is joint work with our Member Agencies.
- Our 4-Year forecasts adhere to the sustainability principals discussed in the Member Agency CFO & CEO meetings of remaining within an Member Agency support year-over-year growth increase of not more than 5%.

# **A Year of Big Things**

# 0

Implemented largest schedule change in Metrolink history Ventura County L 91/Perris Valley Line IE-OC Line New Times, **Orange County Line** Across the Line Riverside Line See how your line is changing at the link in bio. Striarding Line

Awarded most significant contract for Operations & Maintenance



### First in the country to implement WCNSS Wireless Crossings

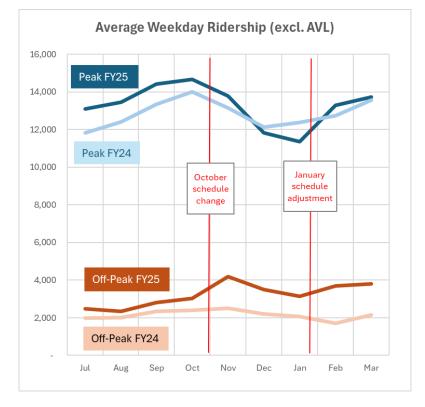


Alstom Team Training for Transition

Del Obispo First of 52 Smart Crossings

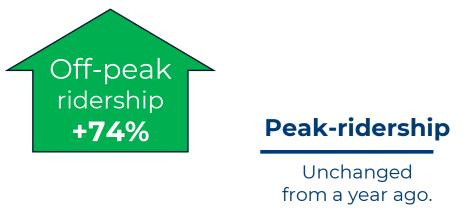
32 More Trains & 200+ Connections

# Peak/Off-Peak Ridership Analysis

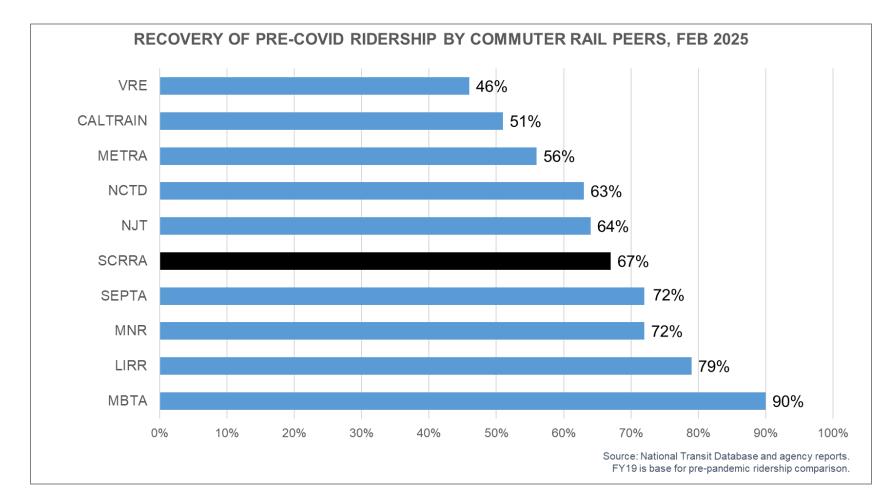


## Since the October schedule change

- Off-peak ridership up 74% year-over-year
- Peak ridership: no change year-over-year



### METROLINK



### METROLINK



# **Thank you! Questions?**



### Committee Members Present

Michael Hennessey, Chair Patrick Harper, Vice Chair Jamey M. Federico Carlos A. Leon

### Staff Present

Darrell E. Johnson, Chief Executive Officer Jennifer L. Bergener, Deputy Chief Executive Officer Sahara Meisenheimer, Clerk of the Board Specialist Gina Ramirez, Assistant Clerk of the Board James Donich, General Counsel OCTA Staff

### **Committee Members Absent**

Mike Carroll Vicente Sarmiento Mark Tettemer

### Call to Order

The March 26, 2025 regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chair Hennessey at 10:30 a.m.

### Special Calendar

### 1. Investment Management Presentation – Payden & Rygel

Andy Oftelie, Chief Financial Officer, provided opening comments and introduced Jim Sarni, Managing Director, and Gunther Denk, Senior Associate, from Payden & Rygel, who provided a PowerPoint presentation.

No action was taken on this informational item.

### Consent Calendar (Items 2 through 6)

### 2. Approval of Minutes

A motion was made by Committee Vice Chair Harper, seconded by Director Federico, and declared passed by those present to approve the minutes of the March 12, 2025 Finance and Administration Committee meeting.

### 3. Transit Field Supervision, Internal Audit Report No. 25-508

A motion was made by Committee Vice Chair Harper, seconded by Director Federico, and declared passed by those present to receive and file Transit Field Supervision, Internal Audit Report No. 25-508, as an information item.



# 4. Investments: Compliance, Controls, and Reporting, July 1 through December 31, 2024, Internal Audit Report No. 25-511

A motion was made by Committee Vice Chair Harper, seconded by Director Federico, and declared passed by those present to direct staff to implement a recommendation provided in Investments: Compliance, Controls, and Reporting,

July 1 through December 31, 2024, Internal Audit Report No. 25-511.

### 5. Fiscal Year 2024-25 Second Quarter Budget Status Report

A motion was made by Committee Vice Chair Harper, seconded by Director Federico, and declared passed by those present to receive and file as an information item.

### 6. Sole Source Agreement for Health Insurance Brokerage Services

A motion was made by Committee Vice Chair Harper, seconded by Director Federico, and declared passed by those present to authorize the Chief Executive Officer to negotiate and execute sole source Agreement No. C-5-3980 between the Orange County Transportation Authority and Alliant Insurance Services, Inc., in the amount of \$640,000, for a five-year term, effective June 1, 2025 through May 31, 2030, to provide health insurance brokerage services.

### **Discussion Items**

### 7. Fiscal Year 2025-26 Budget Assumptions

Anthony Baruch, Section Manager of Financial Planning & Analysis, provided a PowerPoint presentation.

No action was taken on this informational item.

### 8. Public Comments

There were no public comments received.

### 9. Chief Executive Officer's Report

Darrell E. Johnson, Chief Executive Officer, reported that this morning, the staff closed on the Measure M bond refinancing.

### **10.** Committee Members' Reports

There were no Committee Members' Reports.



### 11. Adjournment

The meeting adjourned at 11:13 a.m.

The next regularly scheduled meeting of this Committee will be held:

**10:30 a.m. on Wednesday, April 23, 2025** OCTA Headquarters

Board Room 550 South Main Street Orange, California

ATTEST:

Sahara Meisenheimer Clerk of the Board Specialist



April 23, 2025

To:	Finance and Administration Committee
From:	Darrell E. Johnson, Chief Executive Officer
	Janet Sutter, Executive Director

*Subject:* Fiscal Year 2024-25 Internal Audit Plan, Third Quarter Update

### Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2024-25 Internal Audit Plan on July 22, 2024. This report provides an update on activities for the third quarter of the fiscal year.

### Recommendation

Receive and file the third quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2024-25 Internal Audit Plan as an information item.

### Background

The Internal Audit Department (Internal Audit) is an independent appraisal function, the purpose of which is to examine and evaluate the Orange County Transportation Authority's (OCTA) operations and activities to assist management in the discharge of its duties and responsibilities.

Internal Audit performs a wide range of auditing services that include overseeing the annual financial and compliance audits, conducting operational and contract compliance reviews, investigations, pre-award price reviews, and Buy America reviews. In addition, audits initiated by entities outside of OCTA are coordinated through Internal Audit.

### Discussion

The OCTA Internal Audit Department Fiscal Year (FY) 2024-25 Internal Audit Plan (Plan) reflects the status of each project (Attachment A).

### Fiscal Year 2024-25 Internal Audit Plan, Third Quarter Update Page 2

During the third quarter, Internal Audit issued results of an audit of compensation. Based on the audit, policies, procedures, and controls over employee compensation actions are in place and operating effectively; however, recommendations were made to strengthen controls to ensure compliance with the temporary salary increases policy and to improve documentation supporting incentive calculations and cell phone allowance. Management agreed to ensure sufficient support for temporary salary increases, incentive calculations, and cell phone allowance assessments are maintained on file.

An audit of the agreement with Cofiroute USA, LLC (Cofiroute) for operation of the 91 Express Lanes was also issued and concluded that, while management exercises oversight of Cofiroute, improvements are necessary. Recommendations were made to enforce all contract requirements, develop and implement procedures for penalty waivers, improve performance reporting, and enhance invoice review controls. Management agreed and will implement the recommendations.

Also, during the quarter, the semi-annual audit of investments was completed and found OCTA complied with its debt, investment, and reporting policies and procedures; however, one recommendation was made to accurately identify variable and floating rate securities in monthly reports. Management agreed to enhance its review process to ensure accuracy in future reports.

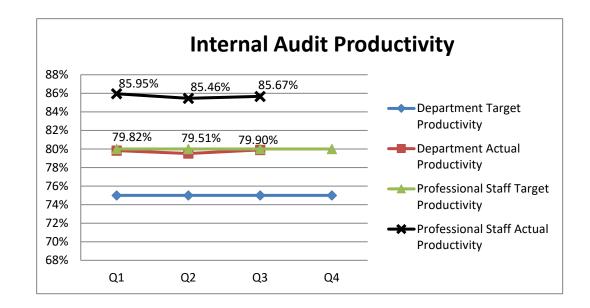
Finally, an audit of transit field supervision was issued. The audit found that field supervision activities are effectively performed and recorded and comply with guidelines and standards set by management.

Internal Audit Productivity

Internal Audit measures the productivity of the department by calculating a productivity ratio. The ratio, used broadly throughout the audit industry, measures the amount of time auditors spend on audit projects versus time spent on administrative duties. Productivity goals are established for both the professional staff, and for the department as a whole. Because the executive director regularly participates in non-audit management activities such as planning and committee meetings, the department-wide target is set at 75 percent. The target for internal audit professional staff, not including the executive director, is 80 percent.

### Fiscal Year 2024-25 Internal Audit Plan, Third Quarter Update Page 3

As of the third quarter, ended March 31, 2025, Internal Audit has achieved productivity of 79.90 percent, and the professional staff have achieved productivity of 85.67 percent.



### **Price Reviews**

At the request of the Contracts Administration and Materials Management (CAMM) Department, and consistent with OCTA's procurement policy, Internal Audit applies agreed-upon procedures (AUP) to single-bid procurements to ensure that CAMM handled the procurement in a fair and competitive manner. Internal Audit also applies AUPs to prices proposed by architectural and engineering firms and sole source contractors to ensure that the prices are fair and reasonable. During the third quarter, Internal Audit issued results of ten price reviews.

Internal Audit Quality Assurance/Management

During the quarter, an external quality assurance, or peer review, was conducted and found that Internal Audit's quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with Generally Accepted Government Auditing Standards for the period January 1, 2022 through December 31, 2024. The independent peer review team, provided through the Association of Local Government Auditors, complimented Internal Audit for achieving high productivity while maintaining quality of work.

# Fraud Hotline

During the quarter ended March 31, 2025, Internal Audit received two reports through OCTA's Fraud Hotline, <u>www.ethicspoint.com</u>. One complaint was referred to Human Resources for investigation and the second complaint was referred to customer relations for follow-up. As part of the administration of the hotline, Internal Audit maintains documentation of each complaint and its disposition.

Internal Audit is committed to responding to all hotline complaints within eight business days. During the quarter ended March 31, 2025, Internal Audit made initial contact within two business days.

Findings and Recommendations Tracking

At the request of the Finance and Administration Committee, unresolved audit recommendations are included with the quarterly updates to the Plan (Attachment B). Internal Audit includes the findings and recommendations generated internally, as well as those provided by regulatory auditors and OCTA's independent financial statement auditors.

During the quarter ended March 31, 2025, Internal Audit completed follow-up reviews of ten outstanding recommendations and concluded that three had been adequately addressed (Attachment C). The remaining seven recommendations from the audits of cybersecurity, Transit Police Services, flexible spending accounts, and investments have not yet been fully implemented and will be reviewed again in six months. Follow-up review of another nine recommendations, related to four audits, is still in process as of quarter-end. Seven recommendations were added to the listing as a result of audits issued during the quarter, as summarized above.

# Summary

Internal Audit will continue to implement the Plan, report on performance metrics, follow up on outstanding audit recommendations, and report progress on a quarterly basis.

# Attachments

- A. Orange County Transportation Authority Internal Audit Department Fiscal Year 2024-25 Internal Audit Plan, Third Quarter Update
- B. Outstanding Audit Recommendations, Audit Reports Issued Through March 31, 2025
- C. Audit Recommendations Closed During Third Quarter, Fiscal Year 2024-25

Approved by:

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

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours To Date	Under (Over)	Status (Date Issued)
Mandatory External Independe	nt Audits						
Annual Financial Audits and Agreed-Upon Procedures (AUP) Reviews		Coordinate and report on annual financial and compliance audits and AUP reviews for FY 2023-24.	Financial	425	306	119	In Process
External Regulatory Audits	FY25-006	Coordinate and report on audits by regulatory or funding agencies.	Compliance	40	1	39	
State Triennial Review	FY24-007	Procure independent audit firm and coordinate and report on results of the required State Triennial Performance audits of the Orange County Transportation Authority (OCTA), Orange County Transit District, and Laguna Beach Municipal Transit Lines.	Compliance	220	152	68	In Process
Internal Audit Department Projects							
Risk Assessment and Annual Audit Plan	FY25-100	Preparation of the annual audit plan, quarterly updates to the audit plan, and periodic assessment of risk throughout the year, including monitoring the audit results of related entities.	Audit Plan and Updates	180	50	130	
Quality Assurance and Self-Assessment	FY25-101	Update of Internal Audit Policies & Procedures to reflect Generally Accepted Government Auditing Standards (GAGAS). Annual self assessment of the Internal Audit Department's (Internal Audit) compliance with GAGAS.		160	199	(39)	
Fraud Hotline Activities	FY25-102	Administrative duties related to maintenance of the OCTA Fraud Hotline and work related to investigations of reports of fraud, waste, or abuse.	Fraud Hotline	120	23	97	7 Report Received
Peer Review	FY25-103	Participate in peer reviews of other internal audit agencies in exchange for reciprocal credit towards required peer review of OCTA's Internal Audit Department for calendar years 2022, 2023, and 2024. Report results of peer review to the Finance and Administration (F&A) Committee and the Board of Directors (Board).	Peer Review	160	71	89	Issued 2-27-25
Automated Workpaper Solution	FY25-104	System updates/training related to automated workpaper solution.	Workpaper System	40	9	31	
Internal Audits							
Organization-Wide							
Legal Services	FY25-503	Assess and test contract compliance and invoice review controls related to the contract with Woodruff and Smart for legal services.	Compliance	200	140	60	Issued 9-9-24
Express Lanes Program							
Operations and Management	FY24-508	Assess and test selected oversight, contract compliance, and/or invoice review controls related to the provision of services by Cofiroute USA, LLP.	Operational/ Compliance	200	433	(233)	Issued 2-3-25

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours To Date	Under (Over)	Status (Date Issued)
Toll Integrator System	FY25-5XX	Assess and test oversight, contract compliance, and invoice review controls related to the contract with Kapsch Trafficom USA, Inc., for the design, implementation, installation, operation, and maintenance of a toll collection system for the existing 91 Express Lanes and 405 Express Lanes.	Internal Control/ Compliance	220		220	
People and Community Engagement							
Compensation	FY25-507	Assess and test policies, procedures, and controls over employee compensation actions.	Operational	320	321	(1)	Issued 1-7-25
Public Outreach - OC Streetcar	FY25-512	Assess and test oversight controls, contract compliance, and invoice review controls related to the agreement for public outreach for the OC Streetcar project.	Internal Control/ Compliance	180	154	26	In Process
Capital Programs							
Interstate 5 (I-5) Improvement Project: Oso Parkway to Alicia Parkway	FY25-501	Assess and test oversight controls, contract compliance, and invoice review controls related to the I-5 Improvement Project: Segment 2 - Oso Parkway to Alicia Parkway.	Internal Control / Compliance	320	271	49	Issued 10-10-24
Project Controls	FY25-513	Assess and test operating controls of the project controls function within the Capital Programs Division.	Operational	240	121	120	In Process
Real Estate Administration	FY25-506	Assess and test real estate administration and controls, including management of contracts.	Operational	240	367	(127)	In Process
Operations							
OC ACCESS Service	FY24-512	Assess adequacy of oversight controls and test oversight, contract compliance, and invoice review controls related to the agreement with First Transit/TransDev for OC ACCESS transportation services.	Operational / Compliance	24	18	6	Issued 8-1-24
OC Streetcar Vehicles	FY25-509	Assess and test procurement, oversight, contract, and/or invoice review controls related to the contract with Siemens for OC Streetcar vehicles.	Operational / Compliance	280	21	259	ON HOLD
Contracted Fixed Route	FY25-510	Assess adequacy of oversight controls and compliance with key provisions of the agreement with Keolis North America, performance standards measurement and reporting, and invoice review controls.	Operational / Compliance	320	293	27	In Process
Field Supervision	FY25-508	Evaluate and test field supervision activities for compliance with policies and procedures.	Operational	240	302	(62)	Issued 2-19-25

Audit Activity	Project Number		Primary Audit Type	Planned Staff Hours	Staff Hours To Date	Under (Over)	Status (Date Issued)
Finance and Administration							
Treasury	FY25-502	Semi-annual review of investments: compliance, controls, and reporting.	Compliance	250	358	(108)	1 Report Issued
Budget Development and Monitoring	FY25-514	Assess and test controls over budget development, monitoring, and reporting.	Operational	240	151	89	In Process
Revenue Agreements	FY24-513	Assess and test controls over identification, tracking, and reporting of external revenue agreements.	Operational	60	61	(1)	Issued 7-24-24
Investment Management Contracts	FY25-504	Assess and test oversight, contract compliance, and invoice review controls related to short-term investment management services provided by Chandler Asset Management, MetLife, Payden & Rygel, and PFM Asset Management, LLC.	Operational / Compliance	180	102	79	Issued 10-11-24
Purchasing Cards	FY25-505	Assess and test controls over purchasing card activities.	Operational / Compliance	240	341	(101)	Issued 11-22-24
Price Reviews	PR25-XXX	As requested by the Contracts Administration and Materials Management (CAMM) Department, apply AUP to sole source, single bid, and architectural and engineering firm proposals.	Price Review	700	445	256	26 Reports Issued
Buy America	FY25-5XX	As requested by the CAMM Department, apply AUP to determine compliance with Buy America requirements.	Buy America	320	150	170	2 Reports Issued

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours To Date	Under (Over)	Status (Date Issued
Unscheduled Reviews and Special Requests							
Unscheduled Reviews and Special Requests	FY25-800	Time allowed for unplanned audits and requests from the Board or management.	Varies	180	4	176	
Monitoring Activities							
Measure M2 Taxpayer Oversight Committee (TOC)	FY25-601	Coordination of audit activities on behalf of the Audit Subcommittee of the TOC.	Administrative Support	50	12	38	
Metrolink Audit Activities	FY25-602	Review/monitor audit results of Metrolink activities.	Non-Audit Service	8		8	
Capital Asset Inventory Observation	FY24-604	At the request of the F&A Division, observe and apply limited procedures related to the bi-annual capital asset inventory counts.	Non-Audit Service	20	15	5	
Follow-Up Reviews							
Follow-Up Reviews and Reporting	FY25-700	Follow-up on the status of management's implementation of audit recommendations.	Follow-Up	320	350	(30)	
		Total Audit Project F	Planned Hours (A)	6,697	5238	1,459	,

Audit Activity	Project Number		mary Audit Type	Planned Staff Hours	Staff Hours To Date	Under (Over)	Status (Date Issued)
Internal Audit Administration							
Board and Committee Meetings				180	111	70	
Executive Steering and Agenda Setting Meetings				170	89	81	
Internal Audit Staff Meetings				150	130	21	
Other Administration				1,500	989	511	
		Tota	al Hours (B)	8,697	6,556		
		Department Target Effic Target Efficiency - Profes		75% 80%	79.90% 85.67%		
Contingency Audits: Internal							<u>.</u>
Warranty Administration	FY25-5XX	Assess the adequacy and effectiveness of internal controls in place for identifying, tracking, and recording of warranty repairs and credits.					
Right-of-Way (ROW) Maintenance	FY25-5XX	Assess and test the adequacy and effectiveness of controls related to maintenance of the railroad ROW and the contract with Joshua Grading and Excavating Incorporated.					

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Internal Audit Status
1/26/22	21-511	Executive Office	Physical Access Security	Internal Audit recommends management develop and implement written policies, procedures, and protocols that address the timely issuance, termination, and use of badges. These procedures should be referenced in contracts with Contracted Transportation Services (CTS) providers and be communicated to OCTA staff. Management should also ensure secondary controls are operating as intended.	Jan-25	Management will work with other departments, including CTS, to advise of procedures for issuing and terminating access badges and encourage those departments to include procedures in their contracts, as appropriate. Additionally, management is currently reviewing and documenting procedures to ensure secondary controls are being utilized. Review and updating of procedures will conclude with the creation of a new Physical Access Policy to be completed by June 30, 2022.	Update August 2022: Management has not yet developed policies, procedures, and protocols to address timely issuance, termination, and use of access badges. <u>Update March 2023</u> : Management expects an updated Access Control Policy (Policy) to be completed soon, and updates to agreements with CTS providers are in process. <u>Update</u> <u>September 2023</u> : Significant progress has been made; however, monitoring controls outlined in the newly-developed Policy have not yet been implemented. <u>Update March 2024</u> : Monitoring controls related to access control have been implemented; however, further improvement is needed. <u>Update August 2024</u> : Management is updating distribution lists for the System Validation Report to ensure that appropriate managers receive the report and can validate access rights. Management expects improvements to be completed by October 2024. <u>Update March 2025</u> : In process.
2/9/22	21-507	Operations Division (Operations)	Facilities Maintenance (FM) Operations	Internal Audit recommends management implement a perpetual inventory system to track purchasing activity and maintain inventory of all parts and supplies. Purchasing, storage, issuance, and disposal activities should be centralized and include controls to ensure proper authorization for purchases, physical security of inventory items, and proper assignment of costs to work orders.	Feb-25	Management (CAMM) Department by July 2022. By February 2023, FM parts and supplies stored outside of CAMM's control will be brought into the inventory system for proper storage and issuance. The current Enterprise Asset Management (EAM) system is not capable of assigning all costs to FM work orders; however, a new EAM system is being implemented and should be capable of properly assigning costs to work orders. The new EAM system is estimated to be fully implemented in mid-2023.	<u>Update September 2022</u> : Management has completed transferring contracts to CAMM and a process to bring FM parts inventory into CAMM for proper storage and issuance has been established and is on track to be completed by February 2023. As stated in the original response, the current asset management system is not capable of assigning all costs to work orders. A new system will be implemented in mid-2023. <u>Update March 2023</u> : Management is still in the process of implementing a centralized inventory system and expects that physical transfer of all inventory may take up to two years. <u>Update August 2023</u> : Management is still in the process of transferring parts inventory to centralized CAMM control. <u>Update March 2024</u> : FM inventory from three of the five bases has been transferred to the centralized inventory system. <u>Update September</u> <u>2024</u> : FM inventory from the last base should be transferred within six months. <u>Update March 2025</u> : In process.

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Internal Audit Status
2/9/22	21-507	Finance and Administration Division (F&A)	FM Operations	Management should enhance its invoice review process to ensure compliance with OCTA's Vendor Payment Policy and contract payment terms. Vendor mark- ups should be discontinued from time- and-expense contracts. For contracts related to the purchase of parts and materials only, any items not listed on the price summary sheet should include supporting cost documentation. If mark- ups are to be allowed on parts-and- materials contracts, the proposed mark- ups should be incorporated into the evaluation of costs during the vendor selection process.		Management will immediately begin working on enhancing the current invoice cover page to include a checklist that will require acknowledgement of review for sufficient detail as to quantity and rates of costs and justification. To address the issue of providing sufficient detail and complying with contract terms, the checklist being developed will improve oversight. In terms of discontinuing vendor mark-ups in time-and-expense contracts, management will work with CAMM to develop a solution that will address the issue of vendor mark-ups as well as incorporating an evaluation of cost, if mark-ups are allowed, during the vendor selection process.	Update September 2022: Management has enhanced the invoice checklist to include review for sufficient detail as to quantity and rates. CAMM has implemented an evaluation methodology to assign a percentage of the cost score for items not listed on the price summary sheet. Management and CAMM continue to explore options including discounts from price sheets and using fair market values to justify and validate price mark-ups. <u>Update March 2023</u> : FM has enhanced its invoice review; however, CAMM staff needs to enhance its review of invoices for contracts that have been transferred to their control. <u>Update August 2023</u> : CAMM staff has implemented an invoice review checklist; however, Internal Audit identified some payments that do not comply with contract terms and some vendors that do not have published list prices, required in order to validate discounts. <u>Update March 2024</u> : CAMM has hired a contract analyst to manage and review invoices and implement enhancements to invoice review. <u>Update September 2024</u> : Management has developed price validation procedures; however, the procedures are not being applied consistently on every invoice. Internal Audit encouraged staff to include documentation evidencing price validation in the invoice payment package. <u>Update March 2025</u> : In process.
5/31/23	22-513	F&A	OCTA's Cybersecurity Program	Management should adopt and implement a policy that governs asset management and associated activities.	Jan-25	Management agreed to develop and implement a policy.	Update February 2024: Management has drafted requirements of an asset management system and plans to utilize a module of the FreshService system (system). Once implemented, an Asset Management Policy will be developed and implemented. Update August 2024: Management has launched the system and is in the process of collecting data for all computing assets. Update <u>February 2025</u> : Management has implemented systems to track and manage assets and will be finalizing an Asset Management Policy.

	<b>_</b>	Division/			Initiate		
Audit Issue Date	Report Number	Department/ Agency	Audit Name	Recommendation	Next Update	Management Response	Internal Audit Status
5/31/23	23-509	F&A	OCTA's Cybersecurity Program	Management should implement a comprehensive vulnerability management program that includes identifying, assessing, prioritizing, remediating, and/or documenting vulnerabilities as "accepted risks" in a timely manner.	Jan-25	Management agreed and indicated that the current Vulnerability Policy will be enhanced and all issues will be remediated or documented as "accepted risks" in a timely manner going forward.	Update February 2024: Management is working to build dashboards to identify vulnerabilities and a reporting system to monitor remediation efforts. Management estimates full implementation of this recommendation by June 2024. Update August 2024: The estimated completion date has been extended due to delays in procuring a consultant. The revised expected completion date is October 31, 2024. Update February 2025: Management has implemented a system to identify and track vulnerabilities across systems. A Vulnerability Policy is in draft and should be published soon.
5/31/23	23-509	F&A	OCTA's Cybersecurity Program	Management should strengthen the data protection and privacy program by adopting a comprehensive policy, designating an individual to define and communicate data and privacy requirements, and perform user access reviews at least every 90 days for all internal employees and third party contractors that have OCTA user accounts and/or access to internal resources.	Jan-25	Management committed to implementing a comprehensive data protection and privacy program for all protected data and to designate the cybersecurity manager as the individual responsible to define and communicate data and privacy requirements. In addition, management agreed to implement user access reviews at least every 90 days.	Update February 2024: Management indicated they have begun to meet with departments that handle protected data to identify where the data is stored and who has access. Once completed, management plans to develop policies and processes to properly secure such data. In addition, management is working with Microsoft to implement a governance platform to control user access during the entire employment life cycle. Management estimates full implementation by April 30, 2025. <u>Update August 2024</u> : Management continues to work on identifying protected data and the users that should have access to the data. Work on implementing a governance platform is in progress and full implementation is expected by April 2025. <u>Update February 2025</u> : Management has implemented a user access review process and full implementation of a data protection and privacy program is expected in April 2025.
12/5/23	24-503	Executive Office	Transit Police Services (TPS)	Management should implement a process to evaluate, estimate, and document the methodology of assigning TPS costs on an annual basis. Management should also consider implementing a process to accumulate and report all costs of providing transit security.	Jun-25	Management will collaborate with the Orange County Sheriff's-Coroner Department to estimate and document contract costs on an annual basis. In addition, management will work with the Financial Planning and Analysis Department to ensure the ability for each department responsible for an aspect of providing or supporting TPS, to accumulate and consolidate transit security costs for a better understanding of the overall cost of transit security. Management will work with Financial Planning and Analysis to consolidate TPS associated costs and reporting by July 2024.	Update August 2024: Management is coordinating with Financial Planning and Analysis Department (FP&A) to implement a process to periodically review contract cost allocations for reasonableness and make adjustments as necessary. Management is also working with FP&A and Maintenance Resource Management to implement a process to accumulate all costs of providing transit security. <u>Update January 2025</u> : Management is working with FP&A and Maintenance Resource Management to periodically evaluate contract cost allocations and to accumulate all costs of providing transit security.

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Internal Audit Status
12/5/23	24-503	Executive Office		Management should implement procedures to document agreements for enhanced services, including the type, time, and place of services, and obtain a cost estimate for services. Management should reconcile invoices for special services to these documents and obtain support, or include in the contract, the rates to be charged prior to authorizing payment.	Jun-25	Management will establish procedures to better document the estimates, agreed cost, and occurrence of special services performed. Management will also seek rates for services to be documented in annual contract amendments moving forward with the 2024-2025 TPS contract amendment. Work should conclude by May 2024.	Update August 2024: Management has obtained annual cost estimate memos from TPS that document each type of enhanced service, the overtime billing rates by position, and the estimate of hours and positions required for each service; however, the contract requires documentation of the type, time, and place for each of these services, as scheduled, along with a cost estimate. Management should obtain a memo with all of the required information for each of the scheduled services. <u>Update January 2025</u> : Management has developed a template to document special service activities and will implement it immediately.
3/11/24	24-506	Operations	College Pass Program	Agreements should be amended to accurately reflect all responsibilities and requirements for program operation, and management should enforce agreement requirements. Management should also develop, document, and implement procedures for administration of the program, including procedures for verifying the reasonableness of enrollment data provided by colleges for invoicing purposes and timely preparation of invoices. Management should implement procedures developed in December 2023, to monitor and collect outstanding receivables.	Mar-25	Management agrees that the agreements need to be more specific to each college, and procedures need to be formalized to administer the program beyond the pilot phase. Management will review and enhance agreement language by August 31, 2024. In addition, management will ensure the documentation and implementation of specific procedures for each aspect of program administration and will outline specific responsibility area(s) for program implementation and oversight by September 30, 2024.	<u>Update September 2024</u> : Management has updated agreements with some colleges; however, the agreement with Golden West College has not been tailored to address its annual fee structure. Agreements with the remaining colleges are in the process of update. Procedures for administration and oversight of the program are also underway. <u>Update March 2025</u> : In process.
3/11/24	24-506	Operations	College Pass Program	Internal Audit recommends management update agreements to include requirements for security, inventory, distribution, and reporting of paper passes and implement monitoring controls to ensure colleges are complying with the requirements. Management should also strengthen controls to ensure all college bus passes are properly coded in the system.	Mar-25	Management will develop improved controls and a formal procedure for paper pass distribution to ensure proper security, accurate coding, reporting, and reconciliation, and amend agreements to include the procedures.	<u>Update September 2024</u> : Management has developed paper pass procedures and incorporated these into four out of seven agreements. The remaining three agreements are in the process of being updated. Management has also strengthened controls to ensure passes are properly coded, and to monitor usage. <u>Update</u> <u>March 2025</u> : In process.
5/29/24	24-511	People and Community Engagement (PACE)	Flexible Spending Account (FSA) Program	Management should implement a process for regular tracking of custodial account contributions, distributions, and running account balance and ensure the balance is updated for purposes of financial reporting.	May-25	Management will create a process to ensure the balance is updated and reported to accounting at the end of each fiscal year. In addition, a process will be established to regularly track account balance and activities.	Update February 2025: OCTA has transitioned to a new FSA administrator as of January 2025. Management will create a process for regular tracking of the account with the new provider, Health Equity, Inc.

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Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Internal Audit Status
8/1/24	24-512	Operations		Management should revise the performance standards exhibit in the contract to reflect the correct 5,000-mile Preventative Maintenance Interval and adjust the miles in the penalty column accordingly. Management should also enforce prior approval requirements for repair or replacement of major mechanical components.	Feb-25	Management will amend the contract as recommended and will reiterate the prior approval requirements with First Transit.	<u>Update March 2025</u> : In process.
8/1/24	24-512	Operations	OC ACCESS Service	Management should implement a secondary review of the accident log to ensure all accidents are correctly classified.	Feb-25	Management will create and implement a formal review report and confirm the receipt and classification of each incident.	<u>Update March 2025</u> : In process.
8/1/24	24-512	Operations	OC ACCESS Service	Management should perform inspections in accordance with the established frequency schedule.	Feb-25	Management will perform inspections in accordance with the established frequency schedule and will implement a review to confirm that inspections have taken place.	<u>Update March 2025</u> : In process.
8/1/24	24-512	F&A	OC ACCESS Service	Management should enforce the requirement to include "Approval to Pay Invoice" in the email subject line when forwarding an invoice for payment, or should revise the policy to remove this requirement.	Feb-25	Management will remove this requirement from the policy.	<u>Update March 2025</u> : In process.
9/13/24	25-502		Investments: Compliance, Controls, and Reporting January 1 through June 30, 2024	Management should update the Treasury manual to reflect current practices.	Mar-25	Management will update the manual as recommended.	<u>Update March 2025</u> : Management is working to update the manual and related policies.
10/10/24	25-501		Interstate 5 (I-5) Improvement Project: Oso Parkway to Alicia Parkway	Management should enforce pre- approval requirement for Other Direct Costs (ODC) not included in the contract schedule.	Apr-25	The project manager will remind the consultant that ODCs not included in the contract schedule require pre-approval and contract language will be updated to clarify who will provide the prior approval.	

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Internal Audit Status
10/11/24	25-504	F&A	Investment Manager Contracts	Management should remind investment managers of contract requirements for replacement of key personnel and implement a procedure to periodically validate key personnel.	Apr-25	Management will remind investment managers of the contract requirement and will work to limit the designation of key personnel to those employees who work directly with OCTA staff. We will also implement a process to periodically validate key personnel.	
10/11/24	25-504	F&A	Investment Manager Contracts	Management should improve the timeliness of invoice review, approval, and processing.	Apr-25	Management has implemented additional checks to ensure the timeliness of payments is carefully monitored.	
11/22/24	25-505	F&A	Purchasing Cards	Management should update procedures to prohibit cardholders from using personal PayPal accounts for business purchases and require all purchased items to be delivered to an OCTA address. Management should also follow- up with cardholders who purchased items in violation of procedures and remind Accounts Payable (AP) staff to verify approvals reflected on purchasing card packages.	May-25	Management will update procedures to prohibit use of personal accounts for purchasing card transactions and require items to be delivered to an OCTA address. The Purchasing Card Administrator will follow-up with cardholders identified as making prohibited transactions. Finally, AP staff will confirm purchasing card packages reflect appropriate approvals.	
3/14/25	25-511	F&A	Investments: Compliance, Controls, and Reporting July 1 through December 31, 2024	Management should enhance controls to ensure variable and floating rate securities are properly reflected in monthly investment and debt reports.	Sep-25	Management will enhance its review process to ensure accuracy of future reports.	
1/7/25	25-507	PACE	Employee Compensation	Management should strengthen controls to ensure compliance with the Temporary Increases Policy.	Jul-25	Responsible staff have been reminded of the importance of saving documents in the employee files. Management will review files of employees currently receiving temporary increases and ensure required documentation is on file.	
1/7/25	25-507	F&A	Employee Compensation	Management should retain documentation supporting productivity incentive calculations and annual determination of cell phone allowance.	Jul-25	Management will ensure documentation is retained and on file to support incentive calculations and determination of the annual cell phone allowance.	

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Internal Audit Status
2/3/25	24-508	Express Lanes Programs	Agreement No. C-9-1177 with Cofiroute USA, LLC for 91 Express Lanes Operations	Management should enhance oversight to ensure the vendor is held accountable to contract requirements and develop policy and procedures to address the parameters and authorization thresholds for waiving liquidated damages.	Aug-25	Management will develop policy and procedures for waiving damages and will improve documentation consistent with the new policy being developed.	
2/3/25	24-508	Express Lanes Programs	Agreement No. C-9-1177 with Cofiroute USA, LLC for 91 Express Lanes Operations	Management should strengthen enforcement of contract requirements related to performance measures and reporting. Management should also develop a policy and procedures to address parameters and authorization levels for waiving penalties.	Aug-25	Management will enhance documentation of monthly standards assessment and review for agreed-upon penalties. Management will also develop policy and procedures to address the parameters and thresholds for penalty waivers.	
2/3/25	24-508	Express Lanes Programs	Agreement No. C-9-1177 with Cofiroute USA, LLC for 91 Express Lanes Operations	Management should adjust Monthly Status Reports to properly reflect results against standards as outlined in the agreement.	Aug-25	Management agrees and has updated the report format starting with the November 2024 report, to reflect standards as outlined in the agreement.	
2/3/25	24-508	Express Lanes Programs	Agreement No. C-9-1177 with Cofiroute USA, LLC for 91 Express Lanes Operations	Invoices do not meet all requirements of the agreement and complete invoice packages are not available in the accounts payable file.	Aug-25	Management will implement a checklist to be used during invoice review to ensure contract requirements are met and, as of June 2024, the complete invoice package is being submitted to AP as recommended.	

#### Audit Recommendations Closed During Third Quarter, Fiscal Year 2024-25

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Internal Audit Status Comments
5/31/23	23-509	Finance and Administration (F&A)	Program	Management should update OCTA's Business Impact Analysis with direct input from the Cybersecurity Office and use results to inform the development, implementation, and maintenance of an updated Continuity of Operations Plan (COOP) and Disaster Recovery Plan (DRP), and test the DRP annually.	<u>Update February 2024</u> : Management indicated that an initial portion of the disaster recovery runbook of core infrastructure applications has been completed and that a tabletop exercise of the incident response plan is planned for June 2024. Management will obtain an updated COOP and update its disaster systems recovery plans accordingly and implement annual testing of data and critical systems recovery by July 2024. <u>Update August 2024</u> : An updated COOP was delivered in May 2024 and management is updating the recovery runbook to restore applications. A tabletop exercise was completed in June 2024. Full implementation is expected by September 30, 2024. <u>Update February 2025</u> : Management has completed the Disaster Recovery Runbook for Servers and Applications document, with recovery priorities for servers and will conduct the next tabletop exercise in the May/June 2025 timeframe.
9/9/24	25-503	and Community	with Woodruff & Smart	Management should enhance invoice review controls to include verification that pre-approval of legal subcontractors was obtained as required.	<u>Update March 2025</u> : Management has updated invoice review procedures to include verification that pre-approval letters are on file for subcontractors.
9/13/24	25-502	F&A		Management should implement a process to periodically update revenue estimates.	<u>Update March 2025</u> : Management has implemented a process to periodically update revenue estimates.



April 23, 2025

To:	Finance and Administration Committee						
From:	Darrell E. Johnson, Chief Executive Officer						
	Janet Sutter, Executive Director						
Subject:	Independent Accountants' Report on Applying Agreed-Upon						

Procedures, City of Buena Park

# Overview

Crowe LLP, an independent accounting firm, has applied agreed-upon procedures related to a settlement agreement between the City of Buena Park and the Orange County Transportation Authority. Based on the procedures performed, the City of Buena Park repaid misspent Local Fair Share funds, obtained an unmodified (clean) opinion on its Annual Comprehensive Financial Report for the year ended 2024, spent sufficient funds to meet required minimum maintenance of effort expenditures, and its Local Fair Share expenditures were allowable per the Measure M2 Ordinance.

# Recommendation

Receive and file as an information item.

# Background

On May 28, 2024, the Orange County Transportation Authority (OCTA) Board of Directors (Board) found the City of Buena Park (City) ineligible to receive or apply for Measure M2 (M2) revenues for a period of five years after agreed-upon procedures (AUP) applied by an independent accounting firm for fiscal year (FY) 2022-23, found that the City could not sufficiently support their use of \$387,576 in M2 Local Fair Share (LFS) funds.

A written settlement agreement, dated July 10, 2024, was executed between OCTA and the City that outlined requirements for the City to re-establish eligibility. Per the settlement agreement, the City was required to repay \$387,576 in misspent LFS funds, obtain an unmodified (clean) opinion on its Annual Comprehensive Financial Report (ACFR) for the year ended 2024 (FY 2023-24),

# Independent Accountants' Report on Applying Agreed-Upon Page 2 Procedures, City of Buena Park

and continue to meet all M2 eligibility requirements, including meeting its annual maintenance of effort (MOE) benchmark, and ensuring any expenditures against the City's LFS fund balance comply with M2 Ordinance (Ordinance) requirements.

Crowe LLP (auditor) was engaged to apply AUP to determine the City's compliance with requirements of the settlement agreement and the Ordinance for FY 2023-24.

## Discussion

Auditors confirmed misspent funds were repaid and the City's ACFR reflected an unmodified opinion. Auditors tested a sample of MOE and LFS expenditures for FY 2023-24 and found the City met the minimum MOE benchmark and LFS expenditures complied with Ordinance requirements.

The City reported total MOE expenditures of \$4,995,502, and the auditors tested \$2,535,809, about 50 percent of these. The auditors identified one MOE expenditure of \$21,450 for a water collection software application that was not allowable per the Ordinance; however, after removing the expenditure from total MOE expenditures, the City continued to meet its MOE benchmark. Auditors also identified \$607,426 in MOE indirect costs that were misreported as direct costs. Auditors tested \$868,634, or 99 percent of total LFS expenditures of \$878,509, and determined the expenditures were properly classified and in compliance with the Ordinance. The City responded that management would implement necessary adjustments to ensure the proper classification of expenditures going forward.

The detailed AUP report can be found in Attachment A.

## Summary

The auditors have applied AUP related to the settlement agreement between the City and OCTA for FY 2023-24.

# Independent Accountants' Report on Applying Agreed-Upon Page 3 Procedures, City of Buena Park

## Attachment

A. Orange County Local Transportation Authority Measure M2 Local Fair Share City of Buena Park FY24 Agreed-Upon Procedures Report Year Ended June 30, 2024

Approved by:

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

ATTACHMENT A

### ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

MEASURE M2 LOCAL FAIR SHARE CITY OF BUENA PARK FY24

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2024

### ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

### MEASURE M2 LOCAL FAIR SHARE CITY OF BUENA PARK FY24

### AGREED-UPON PROCEDURES REPORT

#### Year Ended June 30, 2024

The city of Buena Park was selected at the direction of the Orange County Local Transportation Authority Board of Directors to perform agreed-upon procedures for the fiscal year ended June 30, 2024.





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

Board of Directors Orange County Local Transportation Authority and the Taxpayers Oversight Committee of the Orange County Local Transportation Authority 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 Buena Park's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2024. 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 evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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 the Settlement Agreement between OCTA and the City. Identify whether misspent Local Fair Share funds were repaid to OCTA.

<u>Findings</u>: We obtained the Settlement Agreement between the City of Buena Park and Orange County Transportation Authority (OCTA) dated July 10, 2024. Within the settlement agreement the OCTA Board found Buena Park ineligible to receive or apply for Net Revenues for five years and directed staff to seek reimbursement of \$387,576. We obtained documentation of the payment remittance from the City to OCTA and found no exceptions.

2. Obtain a copy of the City's FY24 Annual Comprehensive Financial Report and determine whether it reflects an unmodified opinion per Independent Auditor's report.

<u>Findings</u>: Crowe obtained the City of Buena Park's FY24 Annual Comprehensive Financial Report (ACFR) and found that the independent auditor issued an unmodified opinion on the City's ACFR.

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

<u>Findings</u>: The MOE expenditures were tracked in the City's general ledger by fund and activity number. The City recorded its MOE expenditures in its General Fund (11) and is identified by various 6-digit activity number. No exceptions were found as a result of this procedure.

4. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2024 and determine whether the City met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2023/2024. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

<u>Findings</u>: The City's MOE expenditures for the fiscal year ended June 30, 2024, were \$4,995,502 (see Schedule A) which exceeded the MOE benchmark requirement of \$4,778,989. We agreed the total expenditures of \$4,995,502 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

- 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.

<u>Findings</u>: We selected 40 direct MOE expenditures totaling \$1,928,383, which represented approximately 39% of direct MOE expenditures of \$4,995,502 for fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. After inspecting the supporting documentation, and through discussion with the City's accounting personnel, we identified one expenditure related to a water collection software application for \$21,450, that was not properly classified as a local street and road expenditure and is not allowable per the Ordinance. As a result, this amount would be considered disallowed and removed from the total MOE expenditures. After removing the transaction from the total MOE expenditures, the City continued to meet the MOE benchmark. We also identified \$31,152 of direct charges that should have been reported as indirect costs. These charges represented various allocations for service abatements as well as vehicle and building maintenance. Upon further inspection, we identified a total of \$607,426 of these costs that should have been reported as indirect costs. See Procedure #4 for indirect cost testing. No other exceptions were found as a result of this procedure.

 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.

<u>Findings</u>: Based upon inspection of the City's Expenditure Report, we found that no indirect costs were reported on Schedule 3, Line 1. After further inspection of the direct expenditure detail from the City's general ledger in Procedure #3 and discussion with City personnel, we found that \$607,426 of indirect costs were included in total direct costs on Schedule 3, line 15 of the City's M2 Expenditure Report for the fiscal year ended June 30, 2024. These expenditures consisted of allocations for Fleet Vehicle Maintenance, Building Maintenance, and Service Abatements. We obtained the City's allocation plans for each type of expenditure, recomputed the indirect costs using the allocation methodology with no exceptions, and determined that the allocations were developed using a reasonable and appropriate methodology. As such, these costs should have been reported as indirect costs. No other exceptions were found as a result of this procedure.

7. 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, 2024. 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.

<u>Findings</u>: The City tracks its LFS expenditures in its Measure M2 Fund (25). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2024 was \$878,509 (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.

- 8. 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 testing. 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.
  - 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 expenditures and allowable per the Ordinance.

<u>Findings</u>: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven Year CIP, without exception. We selected five Measure M2 Local Fair Share direct expenditures for inspection totaling \$868,634 representing approximately 99% of total Measure M2 direct Local Fair Share expenditures of \$878,509 for the fiscal year ended June 30, 2024. We agreed the dollar amount to supporting documentation and determined the 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.

9. 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. Describe the dollar amount tested. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

<u>Findings</u>: 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, 2024. 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

Crowe LLP

Costa Mesa, California April 9, 2025

## CITY OF BUENA PARK, CALIFORNIA SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES Year ended June 30, 2024 (Unaudited)

	SCHEDULE A	
Maintenance of Effort (MOE) Expenditures: Indirect and/ or Overhead - Schedule 3, line 1	\$	-
Construction & Right-of-Way Street Reconstruction Total Construction	<u>\$</u> \$	1,164,111
Maintenance Street Lights & Traffic Signals	\$	1,379,113
Other Street Purpose Maintenance Total Maintenance	\$	2,452,278 3,831,390
Total MOE Expenditures	\$	4,995,502
Measure M2 Local Fair Share Expenditures (Schedule 4): Orangethorpe Avenue Rehabilitation, Western to Stanton Los Coyotes Pavement Rehabilitation, Beach to Country Club Dr. Caballero Pavement Rehabilitation, Valley View to Regio	\$	180,211 30,553 667,745
Total Measure M2 Local Fair Share Expenditures	\$	878,509
Total MOE and Measure M2 Local Fair Share Expenditures	\$	5,874,010

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



Exhibit 1

April 9, 2025

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 Buena Park as of and for the fiscal year ended June 30, 2024.

#### Procedure #5

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.

<u>Findings:</u> We selected 40 direct MOE expenditures totaling \$1,928,383, which represented approximately 39% of direct MOE expenditures of \$4,995,502 for fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. After inspecting the supporting documentation, and through discussion with the City's accounting personnel, we identified one expenditure related to a water collection software application for \$21,450 that was not properly classified as a local street and road expenditure and is not allowable per the Ordinance. As a result, this amount would be considered disallowed and removed from the total MOE expenditures. After removing the transaction from the total MOE expenditures, the City continued to meet the MOE benchmark. We also identified \$31,152 of direct charges that should have been reported as indirect costs. These charges represented various allocations for service abatements as well as vehicle and building maintenance. Upon further inspection, we identified a total of \$607,426 of these costs that should have been reported as indirect costs. See Procedure #4 for indirect cost testing. No other exceptions were found as a result of this procedure.

#### City's Response:

The City acknowledges the findings and will implement the necessary adjustments to the Measure M2 report to ensure proper classification of expenditures.

#### Procedure #6

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.

<u>Findings</u>: Based upon inspection of the City's Expenditure Report, we found that no indirect costs were reported on Schedule 3, Line 1. After further inspection of the direct expenditure detail from the City's general ledger in Procedure #3 and discussion with City personnel, we found that \$607,426 of indirect costs were included in total direct costs on Schedule 3, line 15 of the City's M2 Expenditure Report for the fiscal year ended June 30, 2024. These expenditures consisted of allocations for Fleet Vehicle Maintenance, Building Maintenance, and Service Abatements. We obtained the City's allocation plans for each type of expenditure, recomputed the indirect costs using the allocation methodology with no exceptions, and determined that the allocations were developed using a reasonable and appropriate methodology. As such, these costs should have been reported as indirect costs. No other exceptions were found as a result of this procedure.

#### City's Response:

The City acknowledges the findings and will implement the necessary adjustments to the Measure M2 report to ensure proper classification of expenditures.

France. City Manager

ector of Finance Sung Hyun, Di

Signed by

Mina Miktraer, Breather of Public Works



April 23, 2025

_	21/					
То:	Finance and Administration Committee					
From:	Darrell E. Johnson, Chief Executive Officer					
	Janet Sutter, Executive Director					
Subject:	Independent Accountant's Report on Applying Agreed-Upon Procedures, City of Orange					

# Overview

Crowe LLP, an independent accounting firm, has applied agreed-upon procedures related to Measure M2 maintenance of effort expenditures by the City of Orange for the fiscal year ended June 30, 2024. Based on the procedures performed, the City of Orange spent sufficient funds to meet the required minimum expenditures outlined in a settlement agreement between the City of Orange and the Orange County Transportation Authority.

# Recommendation

Direct staff to develop recommendations for Board of Directors' action related to the status of the City of Orange's Measure M2 eligibility.

# Background

On May 28, 2024, the Orange County Transportation Authority (OCTA) Board of Directors (Board) found the City of Orange (City) ineligible to receive or apply for Measure M2 (M2) revenues after agreed-upon procedures (AUP) performed for fiscal year (FY) 2022-23 found that the City had not met the minimum maintenance of effort (MOE) requirement of the M2 Ordinance (Ordinance).

A written settlement agreement, dated July 10, 2024, was executed between OCTA and the City, that outlined requirements for the City to re-establish eligibility. Among other items, the settlement agreement required the City to undergo, and pay for, an AUP review of FY 2023-24 expenditures to determine compliance with MOE requirements, including expenditures equaling the MOE minimum plus the shortfall amount identified during the FY 2022-23 AUP.

# Discussion

Crowe LLP tested a sample of MOE expenditures for FY 2023-24, and found the City met the minimum MOE requirement and the shortfall amount identified in the FY 2022-23 AUP.

Per the settlement agreement, the City was required to spend \$4,624,214 in MOE, which included the minimum annual MOE plus the \$1,116,649 shortfall identified during the FY 2022-23 AUP. The City reported total MOE expenditures of \$5,538,276, and the auditors tested \$2,466,988, approximately 45 percent of those. No ineligible or questioned costs were identified.

The auditors did identify \$376,650 in indirect MOE charges that were misreported as direct, and \$912,031 in direct charges that were misreported as indirect. The City acknowledged the misclassification of these charges and agreed to implement procedures to ensure proper classification going forward.

The detailed AUP report can be found at Attachment A.

# Summary

The auditors have completed agreed-upon procedures related to Measure M2 MOE expenditures by the City for FY 2023-24.

# Attachment

A. Orange County Local Transportation Authority, Measure M2 Local Fair Share, City of Orange FY24, Agreed Upon Procedures Report, Year Ended June 30,2024

Prepared by:

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

ATTACHMENT A

### ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

MEASURE M2 LOCAL FAIR SHARE CITY OF ORANGE FY24

### AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2024

### ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

### MEASURE M2 LOCAL FAIR SHARE CITY OF ORANGE FY24

### AGREED-UPON PROCEDURES REPORT

### Year Ended June 30, 2024

The city of Orange was selected at the direction of the Orange County Local Transportation Authority Board of Directors to perform agreed-upon procedures for the fiscal year ended June 30, 2024.





### INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES CITY 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 City of Orange's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2024. 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 evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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 the Settlement Agreement between OCTA and the City and identify the required minimum amount to be spent on MOE expenditures for FY24.

<u>Findings</u>: We obtained the Settlement Agreement between the City of Orange and Orange County Transportation Authority (OCTA) dated July 10, 2024. Per the Settlement Agreement, the City was required to spend a minimum of \$4,624,214 in MOE expenditures, which was calculated by the sum of the fiscal year 2023-2024 required MOE of \$3,507,565 and the short fall identified in the Settlement Agreement of \$1,116,649. We obtained documentation of minimum MOE expenditures from the City to OCTA and found no exceptions.

2. Describe which funds the City used to track all street and road expenditures and inquire how the City identifies MOE expenditures in the general ledger.

<u>Findings</u>: The MOE expenditures were tracked in the City's general ledger by fund, departments and object codes. The City recorded its MOE expenditures in its General Fund (100), followed by various department codes and object codes. No exceptions were found as a result of this procedure.

(Continued)

3. Obtain the details of MOE expenditures for the Fiscal Year ended June 30, 2024, and agree the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18). Explain any differences.

<u>Findings</u>: The City's MOE expenditures for the fiscal year ended June 30, 2024, were \$5,538,276 (see Schedule A), which exceeded the MOE benchmark requirement of \$4,624,214. We agreed the total expenditures of \$5,538,276 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

- 4. Select a sample of MOE expenditures from the City's general ledger expenditure detail, ensuring adequate coverage. Describe the number and percentage of total expenditures selected for testing. 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.

<u>Findings</u>: We selected 27 direct MOE expenditures totaling \$2,231,399, which represented approximately 48% of direct MOE expenditures of \$4,626,214 for the fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. We identified \$376,650 of direct charges that should have been reported as indirect costs. These represented allocation charges for labor related to street and road projects. No other exceptions were found as a result of this procedure.

5. Identify whether or not indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, Line 1). Explain any differences. If applicable, obtain details of the indirect costs charged and select a sample of charges for inspection, ensuring adequate coverage. Inspect supporting documentation for reasonableness and appropriate methodology.

<u>Findings</u>: During testing of direct costs at Procedure #4, we identified an additional \$376,650 in indirect costs that were reported as direct costs. These expenditures included allocations of payroll and benefits. We determined that these indirect MOE costs were based upon a reasonable and appropriate methodology. 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, 2024. We agreed \$912,031 of indirect costs (excluding the additional \$376,650 noted in the previous paragraph) per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 25 charges for inspection with a total amount of \$235,589 representing 26% of the total reported MOE indirect costs. Upon inspection, we found these charges were for labor charges, membership dues for public works associations and charges for public works conferences that were directly identifiable as street and road project costs and did not meet the definition of Indirect Costs (Overhead) based on the Guidelines Relating to Gas Tax Expenditures. As such, these costs should have been reported as direct costs. No other exceptions were found as a result of this procedure.

6. Aggregate any expenditures that were not properly classified per procedures (4) an (5) above and report the remaining total MOE expenditures after the removal of such items by comparing to the dollar amount required to be spent per procedure (1) above.

<u>Findings</u>: Total reported expenditures on the M2 report totaled \$5,161,626, which exceeded the total dollar amount required to be spent per procedure (1) of \$4,624,214. The \$376,650 of MOE direct charges should have been reported as indirect costs and the \$235,589 of MOE indirect charges should have been reported as direct costs, but they were both for local street and road projects and were allowable per the Ordinance. 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

Crowe LLP

Costa Mesa, California April 7, 2025

### CITY OF ORANGE, CALIFORNIA SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES Year ended June 30, 2024 (Unaudited)

	SCHEDULE A	
Maintenance of Effort (MOE) Expenditures: Indirect and/ or Overhead - Schedule 3, line 1	\$	912,031
		,
Construction & Right-of-Way	•	000 450
Street Reconstruction	\$	320,153
Signals, Safety Devices, & Street Lights Storm Drains		195,753
	<u></u>	56,498
Total Construction	\$	572,404
Maintenance		
Overlay & Sealing	\$	1,290,131
Street Lights & Traffic Signals		1,862,108
Other Street Purpose Maintenance		901,602
Total Maintenance	\$	4,053,841
Total MOE Expenditures	\$	5,538,276
	φ	5,556,270
Measure M2 Local Fair Share Expenditures (Schedule 4):		
13115 - Pavement Management Program Survey	\$	63,147
13120 - Pavement Management Program		3,465,005
14040 - 292 N. Main Street		3,261
16302 - Minor Traffic Control Devices - Various		21,872
16304 - Biennial Traffic Signal Coordination		6,000
20329 - Chapman Batavia Left Turn Mod		159,004
20374 - Streetlight Pole Replacement Program		19,503
20443 - Orange Community Shuttle Feasibility Study		6,489
30167 - Katella Ave Street Rehabilitation		63,950
30168 - Walnut Ave Infrastructure Improvement		162.97
00000 - Other Street Purpose Maintenance		601,620
Total Measure M2 Local Fair Share Expenditures	\$	4,410,013
Total MOE and Measure M2 Local Fair Share Expenditures	\$	9,948,289

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



**City of Orange** 

Finance Department 300 E. Chapman Ave. Orange, CA 92866

April 7, 2025

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 Orange as of and for the fiscal year ended June 30, 2024.

### Procedure #4

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.

<u>Findings</u>: We selected 27 direct MOE expenditures totaling \$2,231,399, which represented approximately 48% of direct MOE expenditures of \$4,626,214 for the fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. We identified \$376,650 of direct charges that should have been reported as indirect costs. These represented allocation charges for labor related to street and road projects. No other exceptions were found as a result of this procedure.

<u>City's Response</u>: The City acknowledges the finding that costs were incorrectly categorized as indirect costs and should have been reported as direct costs. Staff will implement procedures to ensure proper reporting of direct and indirect costs.

## Procedure #5

Identify whether or not indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, Line 1). Explain any differences. If applicable, obtain details of the indirect costs charged and select a sample of charges for inspection, ensuring adequate coverage. Inspect supporting documentation for reasonableness and appropriate methodology.







# **City of Orange**

Finance Department 300 E. Chapman Ave. Orange, CA 92866

<u>Findings</u>: During testing of direct costs at Procedure #4, we identified an additional \$376,650 in indirect costs that were reported as direct costs. These expenditures included allocations of payroll and benefits. We determined that these indirect MOE costs were based upon a reasonable and appropriate methodology.

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, 2024. We agreed \$912,031 of indirect costs (excluding the additional \$376,650 noted in the previous paragraph) per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 25 charges for inspection with a total amount of \$235,589 representing 26% of the total reported MOE indirect costs. Upon inspection, we found these charges were for labor charges, membership dues for public works associations and charges for public works conferences that were directly identifiable as street and road project costs and did not meet the definition of Indirect Costs (Overhead) based on the Guidelines Relating to Gas Tax Expenditures. As such, these costs should have been reported as direct costs. No other exceptions were found as a result of this procedure.

<u>City's Response</u>: The City acknowledges the finding that costs were incorrectly categorized as indirect costs and should have been reported as direct costs. Staff will implement procedures to ensure proper reporting of direct and indirect costs.

Tom Kisela, City Manager

Trang Nguyen, Finance Director

Christopher Cash, Public Works Director







## April 23, 2025

April 23, 2	025
То:	Finance and Administration Committee
From:	Darrell E. Johnson, Chief Executive Officer
Subject:	Orange County Transportation Authority Investment and Debt Programs Report – February 2025

#### Overview

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending February 28, 2025. The report has been reviewed and is consistent with the investment practices contained in the investment policy.

#### Recommendation

Receive and file as an information item.

#### Discussion

As of February 28, 2025, the Orange County Transportation Authority's (OCTA) outstanding investments totaled \$2.9 billion. The portfolio is divided into two portfolios: the liquid portfolio for immediate cash needs and the managed portfolio for future budgeted expenditures. In addition to these portfolios, OCTA has funds invested in debt service reserve funds for the 91 Express Lanes Program.

Portfolio Compliance and Liquidity Requirements for the Next Six Months: The portfolio is in full compliance with OCTA's Investment Policy and the State of California Government Code. Additionally, OCTA has reviewed the liquidity requirements for the next six months and anticipates that OCTA's liquidity will be sufficient to meet projected expenditures during the next six months.

The weighted average book yield for OCTA's managed portfolio is 4.3 percent. The book yield measures the exact income, or interest, on a bond without regard to market price change. The yield is the income return on an investment, such as the interest received from holding a particular security. The yield is usually expressed as an annual percentage rate based on the investment's cost and market value.

OCTA's month-end balance in the Local Agency Investment Fund (LAIF), a pooled investment fund for California local agencies, was \$7,199,732, with an average monthly effective yield of 4.33 percent. The LAIF offers local agencies an opportunity to invest funds in a diversified portfolio of high-guality, short-term securities managed by the State Treasurer's Office. OCTA's month-end balance in the Orange County Investment Pool (OCIP), a collective investment fund for local government entities in Orange County, was \$13,133,798. For the month of February, the monthly gross yield for the OCIP was 4.37 percent. The OCIP allows local government entities to invest funds in a diversified portfolio managed by the Orange County Treasurer-Tax Collector's Office, aiming for competitive returns while prioritizing safety and liquidity. Mandated by the Transportation Development Act (TDA), OCTA is obliged to participate in the OCIP. It serves as a temporary holding account for TDA funds until claimed by OCTA and then processed by the County of Orange. Due to the timing of apportionments and claims, the OCIP balance can fluctuate significantly from month to month. This framework ensures effective fund management and adherence to regulatory compliance.

During the month of February, three securities held within OCTA's investment portfolio were either downgraded or placed on Negative Credit Watch by S&P Global Ratings. As of February 28, 2025, the securities still meet the minimum rating requirements set forth by OCTA's Investment Policy. Please refer to A-4 (Rating Downgrades and Negative Credit Watch) of Attachment A for further details.

OCTA's debt program is separate from its investment program and is comprised of Measure M2 (M2) Sales Tax Revenue Bonds, 91 Express Lanes Toll Road Revenue Bonds, and 2021 Transportation Infrastructure Finance and Innovation Act Loan. The debt program currently has an outstanding principal balance of \$1.2 billion as of February 28, 2025. Approximately 45 percent of the outstanding balance is comprised of M2 debt, three percent is associated with the 91 Express Lanes Program, and 52 percent is associated with the 405 Express Lanes. During the month of February, S&P Ratings upgraded the rating of the M2 Sales Tax Revenue Bonds from AA+ to AAA. The upgrade is based on the authority's adoption of stronger bond provisions, which will help maintain very strong coverage metrics for bondholders.

#### Summary

The Treasurer is submitting a copy of the Orange County Transportation Authority Investment and Debt Programs report to the Finance and Administration Committee. The report is for the month ending February 28, 2025.

#### Attachments

- A. Orange County Transportation Authority Investment and Debt Programs – For the Period Ending February 28, 2025
- B. Orange County Transportation Authority Portfolio Listing as of February 28, 2025

Prepared by:

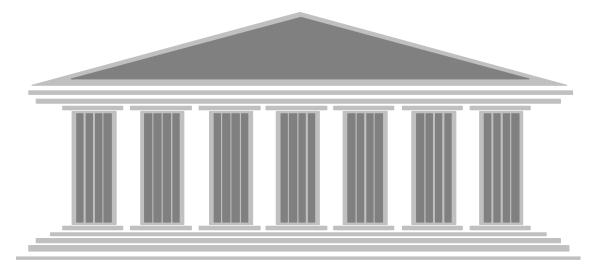
Robert Davis Department Manager Treasury/Public Finance (714) 560-5675

Approved by:

Andrew Oftelie Chief Financial Officer Finance and Administration (714) 560-5649

# Treasury/Public Finance Department's Report On

# Orange County Transportation Authority Investment and Debt Programs

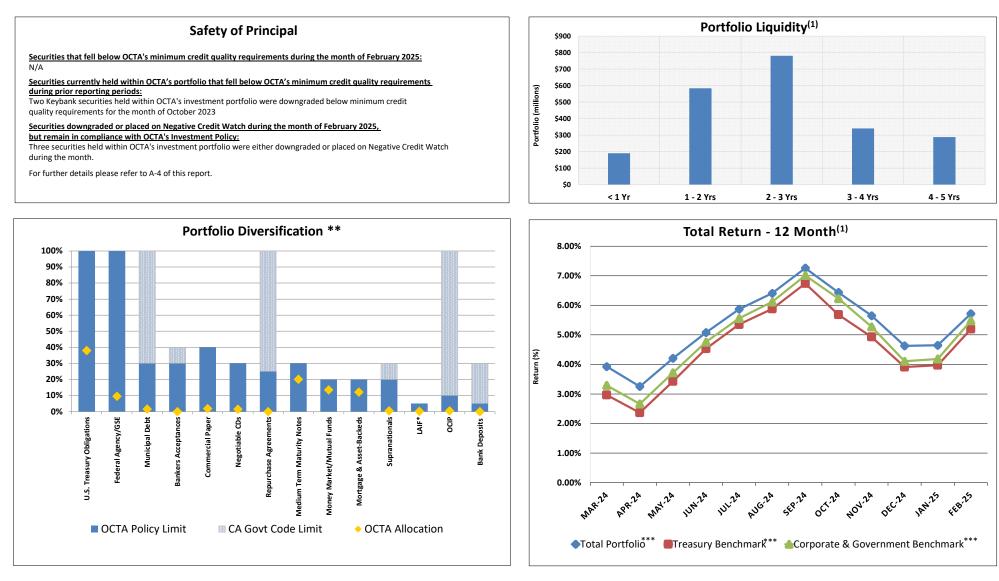


Presented to the Finance and Administration Committee

For The Period Ending February 28, 2025

# **INVESTMENT PROGRAM**

#### OCTA Investment Dashboard 2/28/2025



1. Reflects Managed Portfolio.

\* Per CA Government Code LAIF limit is \$75 million

\*\* Per OCTA's Investment Policy the limit is 30% for variable and floating rate securities. As of February 28, 2025, 6.8% of the portfolio was invested in variable & floating rate securities.

\*\*\* Actual portfolio returns represent the aggregate performance of the managed portfolio.

The Treasury Benchmark is the 1-3 Year Treasury Index through September 2024 and transitions to a market value-weighted blend of the 1-3 Year and 1-5 Year Treasury Indices starting October 2024.

The Corporate & Government Benchmark is the 1-3 Year AAA-A U.S. Corporate & Government Index through September 2024 and shifts to a market value-weighted blend of the 1-3 Year and 1-5 Year AAA-A U.S. Corporate & Government Indices beginning October 2024.

#### **Investment Compliance** 2/28/2025

Portfolio Subject to Investment Policy							
	[	Dollar Amount	Percent Of	Maximum			
Managed Portfolio <sup>1</sup>		Invested	Portfolio	Percentages			
U.S. Treasury Obligations	\$	993,020,946	38.1%	100%			
Federal Agency/GSE		249,350,083	9.6%	100%			
Municipal Debt	\$	43,448,841	1.7%	30%			
Commercial Paper		50,425,386	1.9%	40%			
Negotiable Certificates of Deposit	\$	40,525,000	1.6%	30%			
Repurchase Agreements		-	0.0%	25%			
Medium Term Maturity Notes/Corporates	\$	524,106,509	20.1%	30%			
Money Market/Mutual Funds		352,889,045	13.5%	20%			
Mortgage & Asset-Backed	\$	316,761,469	12.2%	20%			
Supranationals		13,493,324	0.5%	20%			
Local Agency Investment Fund	\$	7,199,732	0.3%	\$ 75 Million			
Orange County Investment Pool		13,133,798	0.5%	10%			
Bank Deposits	\$	552,541	0.0%	5%			
Total Managed Portfolio <sup>2</sup>	\$	2,604,906,673					

1. Excludes portion of Liquid Portfolio subject to Indenture

2. Includes variable & floating rate securities invested in the amount of \$176,890,047 (6.8% of total Managed/Liquid portfolio) and subject to 30% limit per OCTA's Investment Policy.

		Portfolio Su	bject to Indenture/Grant Funding	g Agreement			
	ollar Amount	ОСТА		Indenture/Funding Agreement Requirements			
Portfolio		Invested	Credit Quality	Term	Min. Credit Quality	Max. Term	
Liguid Portfolio*							
Government Obligations MMKT Fund		126,692,877	"AAAm"	N/A	AAA Category	N/A	
Government Obligations MMKT Fund		3,478,836	"AAAm"/"Aammf"	N/A	AAA Category	N/A	
Government Obligations MMKT Fund **		109,641,276	"AAAm"/"Aaa-mf"	N/A	N/A	N/A	
Government Obligations MMKT Fund **		25,000,000	"AAAm"/"Aaa-mf"	N/A	N/A	N/A	
Government Obligations MMKT Fund **		20,738,720	"AAAm"/"Aaa-mf"	N/A	N/A	N/A	
Bank Deposits **		278,635	N/A	N/A	N/A	N/A	
Total Liquid Portfolio	\$	285,830,344					
Reserve Funds Portfolio							
Government Obligations MMKT Fund	\$	5,332,919	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A	
Negotiable Certificates of Deposit		5,000,000	"A-1"/"P-1"/"F1+"	267 days	"A-1"/"P-1"/"F1"	270 days	
Negotiable Certificates of Deposit		3,000,000	"A-1"/"P-1"/"F1+"	270 days	"A-1"/"P-1"/"F1"	270 days	
Government Obligations MMKT Fund ***		40	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A	
Total Reserve Funds Portfolio	\$	13,332,959					
Total Portfolio Subject to Indenture	\$	13,332,959					
Portfolio Total	\$	2,904,069,975					

\* Reflects portion of Liquid Portfolio subject to Indenture (OCTA Sales Tax Revenue)

\*\*\* Senate Bill (SB) 125 Grant Funding \*\*\* 91 EL Debt Service Fund

# Managed Portfolio Sector Allocation and Performance Overview 2/28/2025

Book/Market Value		CHANDLER		METLIFE		PFM	P	Payden & Rygel		Total Portfolio
Total Portfolio:										
Book Value	\$	542.532.376	\$	541,719,259	\$	546.084.223	\$	552.045.295	\$	2,182,381,153
Market Value	\$	551,924,936	\$	552,776,680	\$	554,166,351	\$	557.824.481	\$	2,216,692,447
1-3 Year Portfolio:	<u> </u>	,.,,		, .,		, , ,		,- , -		, ,,,
Book Value	\$	377,266,707	\$	380,531,473	\$	382,427,433	\$	387,060,446	\$	1,527,286,059
Market Value	\$	383,593,861	\$	389,180,523	\$	, ,	\$	392.553.627	\$	1,554,189,813
1-5 Year Portfolio:	Ŧ	,,	Ŧ			,	Ŧ	,,	Ŧ	.,,,
Book Value	\$	165,265,669	\$	161,187,786	\$	163,656,789	\$	164,984,850	\$	655,095,094
Market Value	\$	168,331,074	\$	163,596,157	\$	, ,	\$	165,270,854	\$	662,502,634
	Ψ	100,001,011	Ŧ		Ψ	100,001,010	Ψ	100,210,001	Ŧ	002,002,001
Sector Allocation		CHANDLER		METLIFE		PFM	P	Payden & Rygel		Total Portfolio
Total Portfolio:										
U.S. Treasury Obligations		41.6%		42.2%		47.7%		50.4%		45.5%
Federal Agency/GSE		25.1%		5.6%		11.4%		3.7%		11.4%
Municipal Debt		0.3%		5.8%		0.2%		1.7%		2.0%
Negotiable Certificates of Deposit		0.0%		0.0%		2.8%		0.0%		0.7%
Medium Term Maturity Notes		22.1%		28.7%		21.5%		23.8%		24.0%
Money Market/Mutual Funds		1.8%		0.2%		0.3%		2.5%		1.2%
Mortg & Asset Backed Sec		7.5%		16.6%		16.1%		17.9%		14.5%
Supranationals		1.6%		0.9%		0.0%		0.0%		0.6%
Total		100.0%		100.0%		100.0%		100.0%		100.0%
1-3 Year Portfolio:										
U.S. Treasury Obligations		38.6%		41.2%		48.9%		50.0%		44.7%
Federal Agency/GSE		21.4%		5.2%		9.3%		3.9%		9.9%
Municipal Debt		0.0%		5.5%		0.2%		1.7%		1.8%
Negotiable Certificates of Deposit		0.0%		0.0%		3.0%		0.0%		0.7%
Medium Term Maturity Notes		26.8%		28.5%		21.3%		23.7%		25.1%
Money Market/Mutual Funds		2.6%		0.3%		0.3%		3.0%		1.5%
Mortg & Asset Backed Sec		9.3%		18.0%		16.9%		17.8%		15.5%
Supranationals		1.3%		1.3%		0.0%		0.0%		0.7%
Total		100.0%		100.0%		100.0%		100.0%		100.0%
1-5 Year Portfolio:										
U.S. Treasury Obligations		48.4%		44.5%		45.0%		51.3%		47.3%
Federal Agency/GSE		33.7%		6.6%		16.4%		3.3%		15.0%
Municipal Debt		1.0%		6.5%		0.2%		1.7%		2.3%
Negotiable Certificates of Deposit		0.0%		0.0%		2.5%		0.0%		0.6%
Medium Term Maturity Notes		11.5%		29.0%		21.8%		24.2%		21.6%
Money Market/Mutual Funds		0.1%		0.2%		0.1%		1.5%		0.5%
Mortg & Asset Backed Sec		3.3%		13.2%		14.0%		18.0%		12.1%
Supranationals		2.1%		0.0%		0.0%		0.0%		0.5%
Total		100.0%		100.0%		100.0%		100.0%		100.0%

Portfolio Characteristics	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio	* US Treasury Benchmark	** Corp./Govt. Benchmark
Total Portfolio:							
Weighted Average Life	2.22	2.13	2.10	2.27	2.18	n/a	n/a
Duration	2.05	1.96	1.94	2.08	2.01	1.95	1.94
Monthly Yield (Annualized)	4.19%	4.26%	4.21%	4.24%	4.23%	4.01%	4.18%
1-3 Year Portfolio:							
Weighted Average Life	1.97	1.86	1.86	2.03	1.93	n/a	n/a
Duration	1.84	1.72	1.73	1.86	1.78	1.73	1.72
Monthly Yield (Annualized)	4.21%	4.27%	4.20%	4.24%	4.23%	4.02%	4.17%
1-5 Year Portfolio:							
Weighted Average Life	2.78	2.75	2.67	2.86	2.77	n/a	n/a
Duration	2.55	2.51	2.45	2.60	2.53	2.45	2.46
Monthly Yield (Annualized)	4.14%	4.24%	4.22%	4.24%	4.21%	4.00%	4.20%

Portfolio Performance (Total Rate of Return)	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio	* US Treasury Benchmark	** Corp./Govt. Benchmark		
Total Portfolio:									
Monthly Return ***	0.85%	0.81%	0.79%	0.84%	0.82%	0.77%	0.78%		
Three Months Return ***	1.38%	1.46%	1.41%	1.39%	1.41%	1.37%	1.38%		
1-3 Year Portfolio:									
Monthly Return ***	0.79%	0.72%	0.71%	0.76%	0.74%	0.69%	0.69%		
Three Months Return ***	1.37%	1.45%	1.39%	1.38%	1.40%	1.36%	1.37%		
1-5 Year Portfolio:	1-5 Year Portfolio:								
Monthly Return ***	0.97%	1.01%	0.99%	1.03%	1.00%	0.98%	0.97%		
Three Months Return ***	1.39%	1.50%	1.45%	1.41%	1.44%	1.40%	1.41%		

\* Represents the ICE/BAML 1-3 Year U.S. Treasury Index for the 1-3 Year Portfolio and the ICE/BAML 1-5 Year U.S. Treasury Index for the 1-5 Year Portfolio. The benchmarks for duration and monthly yield are weighted for the Total Portfolio.

\*\* Represents the ICE/BAML 1-3 Year AAA-A U.S. Corporate & Government Index for the 1-3 Year Portfolio and the ICE/BAML 1-5 Year AAA-A U.S. Corporate & Government Index for the 1-5 Year Portfolio. The benchmarks for duration and monthly yield are weighted for the Total Portfolio.

\*\*\* Reflects monthly return and three months only, as the 1-5 year portfolio was launched on October 1, 2024. Additional performance metrics will be reported once sufficient data becomes available.

# Rating Downgrades & Negative Credit Watch 2/28/2025

Investment Manager / Security	Par Amount	Maturity	S&P	Moody's	Fitch Ratings
Rating Downgrades:					
MetLife					
VERIZON MASTER TRUST, SERIES 2024-4, CLASS B	\$ 780,000	6/20/2029	AA-	n/a	AA+
On February 6, 2025, S&P downgraded 16 tranches from 11 Verizon Asset-Backed Set the Series 2024-4, Class B was lowered to AA- from AA. The downgrade was driven by assumption in its rating model for Verizon's ABS deals. Despite this change, the securit investment manager recommends holding the securities, maintaining a positive outlook Notably, there has been no significant price movement following the downgrade. If bond investment manager would consider increasing exposure across accounts.					
- Rating below minimum requirements:					
KEYBANK NATIONAL ASSOCIATION	\$ 1,675,000 08	8/08/2025 - 01/26/2026	BBB+	Baa1	BBB+
During October 2023, Moody's and Fitch downgraded Keybank by one notch. The down longer rate environment is likely to constrain profitability at Keybank more than for other lower-than-average capital ratio on a proforma basis when adjusted for unrealized losse downgrade by both agencies, the three Keybank securities held within the portfolio fell Investment Policy. The Treasurer reviewed the position and recommended the securitie presented his recommendation to the Chief Executive Officer who concurred. During Ju matured. Negative Credit Watch:	r banks of similar size. In addi es on available-for-sale securi below the minimum credit qua es be held for the short-term. T	tion, Keybank has a ties. Due to the lity requirements of the The Treasurer			
CAM					
HONEYWELL INTERNATIONAL INC	\$ 2,000,000	8/15/2029	А	A2	А
On February 6, 2025, S&P placed Honeywell International Inc. (Honeywell) on negative 2025. This action was taken in response to Honeywell's announcement of plans to spin subsidiaries, creating three separate companies by the second half of 2026. The credit restructuring will alter Honeywell's competitive position. S&P and Fitch anticipate that th market, and geographic diversity, along with a diminished balance of long- and short-cy security remains in compliance with the investment policy's credit rating requirements. securities, citing the strength of Honeywell's business lines and management's committed securities.	off its Aerospace Technologie watch placement reflects con- ne remaining entity will have re- rcle businesses. Despite the ra- The investment manager reco-	es and Automation cerns that the educed product, end- ating watch, the mmends holding the			
PFM					
JOHNSON & JOHNSON	\$ 1,045,000	3/1/2028	AAA	Aaa	n/a
On February 18, 2025, S&P assigned its 'AAA' issue-level rating to Johnson & Johnson on negative credit watch. The company will use proceeds from the offering to partially fu pharmaceutical company Intra-Cellular Therapies Inc. for roughly \$14.6 billion. S&P pla	und the recently announced a	cquisition of			

on negative credit watch. The company will use proceeds from the offering to partially fund the recently announced acquisition of pharmaceutical company Intra-Cellular Therapies Inc. for roughly \$14.6 billion. S&P placed the ratings of Johnson & Johnson on negative credit watch on January 14, 2025, following the announcement of the acquisition because S&P estimates the transaction would raise the company's S&P ratings-adjusted leverage to roughly 1.4x, significantly above its 1.0x downside trigger. Despite the rating watch, the security remains in compliance with the investment policy's credit rating requirements. The investment manager recommends holding the securities.

# Debt

# **DEBT PROGRAM**

(M2 Sales Tax Revenue Bonds, 91 Express Lanes Toll Road Revenue Bonds, 2021 TIFIA Loan)

Orange County Local Transportation Authority (OCLTA-M2)

Sub-total 405 Express Lanes Outstanding Debt	Ψ	007,000,014
	\$	637,535,814
Final Maturity:		2058
Ratings (Moody's):		Baa2
Pledged Revenue Source:	405	Toll Road Revenues
Interest Rate:		1.95%
Capitalized Interest:		23,824,519
Outstanding:	Ŧ	637,535,814
I TIFIA Loan_ Amount Available	\$	628,930,000
405 Express Lanes	i	
b-total 91 Express Lanes Outstanding Debt	\$	41,725,000
Final Maturity:		2030
Ratings (Fitch/ Moody's/ S&P):		AA-/Aa3/AA-
Pledged Revenue Source:	91	Toll Road Revenues
All in True Interest Cost:	<u> </u>	2.80%
Debt Service FY 2025:		8,051,750
Outstanding:		41,725,000
Issued:	\$	47,545,000
23 OCTA 91 Express Lanes Refunding Bonds		
91 Express Lanes		
ub-total M2 Outstanding Debt	\$	547,365,000
i maninaturity.		2041
Final Maturity:		2041
Ratings (Fitch/ S&P):		AA+/AAA
Pledged Revenue Source:	MO	Sales Tax Revenues
All in True Interest Cost:		33,065,900 3.14%
Outstanding: Debt Service FY 2025:		301,885,000
Issued:	\$	376,690,000
9 M2 Sales Tax Revenue Bonds	¢	270 000 000
0 MO Calas Tau Davanus Danda		
Final Maturity:		2041
Ratings (Fitch/ Moody's/ S&P):		AA+/Aa2/AAA
Pledged Revenue Source:	M2 :	Sales Tax Revenues
All in True Interest Cost:		4.33%
Debt Service FY 2025:		21,790,000
e ale la raing.		245,480,000
Outstanding:		045 400 000

1. Comprises OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Express Lanes Toll Road Revenue Bonds, and 2021 TIFIA Loan) currently outstanding and irrespective of OCTA's investment program.

DESCRIPTION CASH EQUIVALENTS SANK DEPOSITS 'EDERATED MONEY MARKET GOVERNMENT PORTFOLIO BMO HARRIS BANK NCD SMO HARRIS BANK NCD SARCLAYS COMMERCIAL PAPER MONEY MARKET DEMAND ACCOUNT 'IDELITY TREASURY OBLIGATIONS FUND 'IRST AMERICAN GOVERNMENT POLIGATIONS FUND 'IRST AMERICAN GOVERNMENT OBLIGATIONS FUND 'IRST AMERICAN GOVERNMENT PORTFOLIO 'IRST AMERICAN GOVERNMENT PORTFOLIO 'IRST AMERICAN GOVERNMENT PORTFOLIO 'IRST AMERICAN GOVERNMENT PORTFOLIO 'IRST AMERICAN GOVERNMENT PORTFOLIO 'IDELITY TREASURY OBLIGATIONS FUND 'IDELITY TREASURY OBLIGATIONS FUND 'IDELITY TREASURY OBLIGATIONS FUND 'IDELITY TREASURY OBLIGATIONS FUND 'IDELITY TREASURY OBLIGATIONS FUND 'IDELITY 'IDELITY TREASURY OBLIGATIONS FUND 'IDELITY TREASU	N/A	MATURITY DATE N/A N/A 3/20/2025 3/10/2025 7/7/2025 N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A	BOOK VALUE 831,176 197,118,438 25,000,000 24,412,500 26,012,886 415 126,692,877 40,000,000 65,726,958 48,368,251 109,641,276 20,738,720 3,478,836	MARKET VALUE           831,176           197,118,438           25,000,000           24,927,025           26,144,768           415           126,692,877           40,000,000           65,726,958           48,368,251           109,641,276           20,738,720	YIELD           0.00           4.25           4.46           4.70           3.06           4.26           4.28           4.29           4.29           4.29
BANK DEPOSITS EDERATED MONEY MARKET GOVERNMENT PORTFOLIO MO HARRIS BANK NCD BARCLAYS COMMERCIAL PAPER BARCLAYS COMMERCIAL PAPER MONEY MARKET DEMAND ACCOUNT EDELITY TREASURY OBLIGATIONS FUND IRST AMERICAN GOVERNMENT OBLIGATIONS FUND IRST AMERICAN GOVERNMENT OBLIGATIONS FUND IRST AMERICAN GOVERNMENT PORTFOLIO REVEY MONEY MARKET GOVERNMENT PORTFOLIO BC US MONEY MARKET GOVERNMENT PORTFOLIO BC US MONEY MARKET GOVERNMENT PORTFOLIO EDELITY TREASURY OBLIGATIONS FUND EDERATED TREASURY OBLIGATIONS FUND SUB-TO DCAL AGENCY INVESTMENT FUND (LAIF) DRANGE COUNTY INVESTMENT POOL (OCIP)	N/A 12/20/2024 9/11/2025 N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A	N/A 3/20/2025 3/10/2025 7/7/2025 N/A N/A N/A N/A N/A N/A N/A	197,118,438 25,000,000 24,412,500 26,012,886 415 126,692,877 40,000,000 65,726,958 48,368,251 109,641,276 20,738,720	197,118,438 25,000,000 24,927,025 26,144,768 415 126,692,877 40,000,000 65,726,958 48,368,251 109,641,276	4.25 4.46 4.70 4.39 3.06 4.26 4.28 4.39 4.29 4.29
EDERATED MONEY MARKET GOVERNMENT PORTFOLIO BMO HARRIS BANK NCD BARCLAYS COMMERCIAL PAPER BARCLAYS COMMERCIAL PAPER MONEY MARKET DEMAND ACCOUNT FIDELITY TREASURY OBLIGATIONS FUND FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND FIRST AMERICAN GOVERNMENT PORTFOLIO REVEYUS MONEY MARKET GOVERNMENT PORTFOLIO RESC US MONEY MARKET GOVERNMENT PORTFOLIO REC US MONEY MARKET GOVERNMENT PORTFOLIO EDELITY TREASURY OBLIGATIONS FUND FEDERATED TREASURY OBLIGATIONS FUND FORMATED TREASURY OBLIGATIONS FUND FEDERATED TREASURY FUND FEDERATED FUND FEDERA	N/A 12/20/2024 9/11/2025 N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A	N/A 3/20/2025 3/10/2025 7/7/2025 N/A N/A N/A N/A N/A N/A N/A	197,118,438 25,000,000 24,412,500 26,012,886 415 126,692,877 40,000,000 65,726,958 48,368,251 109,641,276 20,738,720	197,118,438 25,000,000 24,927,025 26,144,768 415 126,692,877 40,000,000 65,726,958 48,368,251 109,641,276	4.25 4.46 4.70 4.39 3.06 4.26 4.28 4.39 4.29 4.29
BMO HARRIS BANK NCD BARCLAYS COMMERCIAL PAPER SARCLAYS COMMERCIAL PAPER MONEY MARKET DEMAND ACCOUNT IDELITY TREASURY OBLIGATIONS FUND IRST AMERICAN GOVERNMENT OBLIGATIONS FUND DREYFUS MONEY MARKET GOVERNMENT PORTFOLIO NVESCO MONEY MARKET GOVERNMENT PORTFOLIO RBC US MONEY MARKET GOVERNMENT PORTFOLIO IDELITY TREASURY OBLIGATIONS FUND IEDELTY TREASURY OBLIGATIONS FUND IEDELTY TREASURY OBLIGATIONS FUND IEDERATED TREASURY OBLIGATIONS FUND COCAL AGENCY INVESTMENT FUND (LAIF)	12/20/2024 9/11/2024 1/7/2025 N/A N/A N/A N/A N/A N/A N/A TAL N/A	3/20/2025 3/10/2025 7/7/2025 N/A N/A N/A N/A N/A N/A N/A	25,000,000 24,412,500 26,012,886 415 126,692,877 40,000,000 65,726,958 48,368,251 109,641,276 20,738,720	25,000,000 24,927,025 26,144,768 415 126,692,877 40,000,000 65,726,958 48,368,251 109,641,276	4.46 4.70 4.39 3.06 4.26 4.28 4.39 4.29 4.29
BARCLAYS COMMERCIAL PAPER BARCLAYS COMMERCIAL PAPER MONEY MARKET DEMAND ACCOUNT IDELITY TREASURY OBLIGATIONS FUND IRST AMERICAN GOVERNMENT OBLIGATIONS FUND DREYFUS MONEY MARKET GOVERNMENT PORTFOLIO NVESCO MONEY MARKET GOVERNMENT PORTFOLIO RBC US MONEY MARKET GOVERNMENT PORTFOLIO BOLITY TREASURY OBLIGATIONS FUND IDELITY TREASURY OBLIGATIONS FUND EDERATED TREASURY OBLIGATIONS FUND BUB AND A BUB	9/11/2024 1/7/2025 N/A N/A N/A N/A N/A N/A N/A TAL N/A	3/10/2025 7/7/2025 N/A N/A N/A N/A N/A N/A N/A	24,412,500 26,012,886 415 126,692,877 40,000,000 65,726,958 48,368,251 109,641,276 20,738,720	24,927,025 26,144,768 415 126,692,877 40,000,000,000 65,726,958 48,368,251 109,641,276	4.70 4.39 3.06 4.26 4.28 4.39 4.29 4.29
BARCLAYS COMMERCIAL PAPER MONEY MARKET DEMAND ACCOUNT IDELITY TREASURY OBLIGATIONS FUND INEXTAMERICAN GOVERNMENT OBLIGATIONS FUND DREYFUS MONEY MARKET GOVERNMENT PORTFOLIO NVESCO MONEY MARKET GOVERNMENT PORTFOLIO REC US MONEY MARKET GOVERNMENT PORTFOLIO IDELITY TREASURY OBLIGATIONS FUND IEDERATED TREASURY OBLIGATIONS FUND SUB-TO COCAL AGENCY INVESTMENT FUND (LAIF)	1/7/2025 N/A N/A N/A N/A N/A N/A TAL N/A	7/7/2025 N/A N/A N/A N/A N/A N/A N/A	26,012,886 415 126,692,877 40,000,000 65,726,958 48,368,251 109,641,276 20,738,720	26,144,768 415 126,692,877 40,000,000 65,726,958 48,368,251 109,641,276	4.39 3.06 4.26 4.28 4.39 4.29 4.29
MONEY MARKET DEMAND ACCOUNT FIDELITY TREASURY OBLIGATIONS FUND FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND DREYFUS MONEY MARKET GOVERNMENT PORTFOLIO NVESCO MONEY MARKET GOVERNMENT PORTFOLIO REC US MONEY MARKET GOVERNMENT PORTFOLIO FIDELITY TREASURY OBLIGATIONS FUND FEDERATED TREASURY OBLIGATIONS FUND SUB-TO COCAL AGENCY INVESTMENT FUND (LAIF) DRANGE COUNTY INVESTMENT POOL (OCIP)	N/A N/A N/A N/A N/A N/A TAL N/A	N/A N/A N/A N/A N/A N/A	415 126,692,877 40,000,000 65,726,958 48,368,251 109,641,276 20,738,720	415 126,692,877 40,000,000 65,726,958 48,368,251 109,641,276	3.06 4.26 4.28 4.39 4.29 4.29
EIDELITY TREASURY OBLIGATIONS FUND FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND DREYFUS MONEY MARKET GOVERNMENT PORTFOLIO NVESCO MONEY MARKET GOVERNMENT PORTFOLIO BC US MONEY MARKET GOVERNMENT PORTFOLIO DELITY TREASURY OBLIGATIONS FUND FEDERATED TREASURY OBLIGATIONS FUND SUB-TO DCAL AGENCY INVESTMENT FUND (LAIF) DRANGE COUNTY INVESTMENT POOL (OCIP)	N/A N/A N/A N/A N/A N/A <b>TAL</b>	N/A N/A N/A N/A N/A	126,692,877 40,000,000 65,726,958 48,368,251 109,641,276 20,738,720	126,692,877 40,000,000 65,726,958 48,368,251 109,641,276	4.26 4.28 4.39 4.29 4.28
REST AMERICAN GOVERNMENT OBLIGATIONS FUND DREYFUS MONEY MARKET GOVERNMENT PORTFOLIO NVESCO MONEY MARKET GOVERNMENT PORTFOLIO RBC US MONEY MARKET GOVERNMENT PORTFOLIO DIELITY TREASURY OBLIGATIONS FUND EDERATED TREASURY OBLIGATIONS FUND COCAL AGENCY INVESTMENT FUND (LAIF) DRANGE COUNTY INVESTMENT POOL (OCIP)	N/A N/A N/A N/A N/A <b>TAL</b>	N/A N/A N/A N/A N/A	40,000,000 65,726,958 48,368,251 109,641,276 20,738,720	40,000,000 65,726,958 48,368,251 109,641,276	4.28 4.39 4.29 4.28
DREYFUS MONEY MARKET GOVERNMENT PORTFOLIO NVESCO MONEY MARKET GOVERNMENT PORTFOLIO RBC US MONEY MARKET GOVERNMENT PORTFOLIO IDELITY TREASURY OBLIGATIONS FUND EDERATED TREASURY OBLIGATIONS FUND SUB-TO DRANGE COUNTY INVESTMENT FUND (LAIF)	N/A N/A N/A N/A <b>TAL</b>	N/A N/A N/A	65,726,958 48,368,251 109,641,276 20,738,720	65,726,958 48,368,251 109,641,276	4.39 4.29 4.28
REC US MONEY MARKET GOVERNMENT PORTFOLIO FIDELITY TREASURY OBLIGATIONS FUND FEDERATED TREASURY OBLIGATIONS FUND SUB-TO COCAL AGENCY INVESTMENT FUND (LAIF) DRANGE COUNTY INVESTMENT POOL (OCIP)	N/A N/A N/A TAL	N/A N/A	109,641,276 20,738,720	109,641,276	4.28
EIDELITY TREASURY OBLIGATIONS FUND EDERATED TREASURY OBLIGATIONS FUND SUB-TO COCAL AGENCY INVESTMENT FUND (LAIF) DRANGE COUNTY INVESTMENT POOL (OCIP)	N/A N/A <b>TAL</b> N/A	N/A	20,738,720		
EDERATED TREASURY OBLIGATIONS FUND SUB-TO COCAL AGENCY INVESTMENT FUND (LAIF) DRANGE COUNTY INVESTMENT POOL (OCIP)	N/A TAL N/A			20 738 720	
SUB-TO OCAL AGENCY INVESTMENT FUND (LAIF) DRANGE COUNTY INVESTMENT POOL (OCIP)	TAL N/A	N/A	3.478.836		4.25
OCAL AGENCY INVESTMENT FUND (LAIF) DRANGE COUNTY INVESTMENT POOL (OCIP)	N/A			3,478,836	4.24
DRANGE COUNTY INVESTMENT POOL (OCIP)		N/A	688,022,334 7,199,732	688,668,740 7,199,732	4.33
·					
JQUID PORTFOLIO - TOTAL	N/A	N/A	13,133,798	13,133,798	4.37
			\$ 708,355,863	\$ 709,002,269	
	MANAGED PORTFO	DLIO			
DESCRIPTION	SETTLE DATE	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
<u>Money Market Funds</u> FIRST AMER:GVT OBLG Z	2/27/2025	2/28/2025	26,674,982	26,674,982	4.25
SUB-TO IEGOTIABLE CERTIFICATES OF DEPOSIT	TAL		26,674,982	26,674,982	
COOPERATIEVE RABOBANK U.A., NEW YORK BRANCH	7/20/2023	7/17/2026	3,450,000	3,502,061	3.96
CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK	2/5/2024	2/1/2027	3,750,000	3,767,025	4.51
IATIXIS, NEW YORK BRANCH	9/20/2023	9/18/2026	3,575,000	3,642,675	3.99
NORDEA ABP - NEW YORK BRANCH	11/3/2022	11/3/2025	4,750,000	4,787,668	4.34
SUB-TO	TAL		15,525,000	15,699,428	
<i>J.S. TREASURY OBLIGATIONS</i> JNITED STATES TREASURY	3/31/2021	3/31/2025	1,989,688	1,994,080	3.98
INITED STATES TREASURY	8/11/2021	4/30/2025	7,440,527	7,452,750	4.14
JNITED STATES TREASURY	10/15/2021	5/31/2025	7,357,324	7,426,350	4.17
JNITED STATES TREASURY	11/22/2021	6/30/2025	6,811,055	6,909,420	4.14
JNITED STATES TREASURY	12/28/2021	3/31/2025	7,862,500	7,976,320	3.98
JNITED STATES TREASURY JNITED STATES TREASURY	1/6/2022 3/23/2022	7/31/2025 7/31/2025	7,729,375 6,979,688	7,867,920 7,376,175	4.23 4.23
INITED STATES TREASURY	4/29/2022	9/30/2025	2,161,338	2,134,692	4.24
INITED STATES TREASURY	5/6/2022	9/30/2025	7,002,734	6,950,160	4.24
JNITED STATES TREASURY	6/3/2022	10/31/2025	8,032,813	7,935,760	4.23
JNITED STATES TREASURY	6/10/2022	11/15/2025	6,818,164	6,904,590	4.22
INITED STATES TREASURY	8/19/2022	11/15/2025	7,750,938	7,890,960	4.22
JNITED STATES TREASURY JNITED STATES TREASURY	9/19/2022 10/6/2022	6/30/2027 6/30/2027	294,035 4,354,629	295,278 4,429,170	3.96 3.96
INITED STATES TREASURY	10/24/2022	3/31/2027	5,072,891	5,339,510	3.90
INITED STATES TREASURY	12/1/2022	4/30/2027	8,049,434	8,283,845	3.98
JNITED STATES TREASURY	12/21/2022	6/30/2027	2,925,820	2,952,780	3.96
JNITED STATES TREASURY	1/10/2023	2/28/2026	223,301	241,188	4.14
JNITED STATES TREASURY JNITED STATES TREASURY	1/12/2023 2/10/2023	2/15/2027 8/31/2027	8,006,270 7,737,813	8,222,390 7,838,720	4.00 3.98
INITED STATES TREASURY	2/10/2023	2/28/2026	4,758,199	5,113,175	4.14
JNITED STATES TREASURY	5/17/2023	11/15/2027	3,778,750	3,824,840	3.97
JNITED STATES TREASURY	5/17/2023	7/31/2027	3,865,469	3,887,800	3.98
JNITED STATES TREASURY	6/9/2023	9/30/2027	6,517,012	6,525,415	3.96
JNITED STATES TREASURY	6/26/2023	11/15/2026	2,554,385	2,659,113	4.02
INITED STATES TREASURY	6/30/2023	6/15/2026	5,446,719	5,499,780	4.12
JNITED STATES TREASURY JNITED STATES TREASURY	7/5/2023 8/1/2023	12/31/2026 7/15/2026	7,083,689 1,334,009	7,500,499 1,342,930	3.99 4.05
INITED STATES TREASURY	8/3/2023	7/15/2026	6,986,875	7,041,580	4.05
INITED STATES TREASURY	8/4/2023	7/15/2026	2,494,141	2,514,850	4.05
JNITED STATES TREASURY	9/1/2023	8/15/2026	9,853,594	9,946,035	4.04
JNITED STATES TREASURY	9/6/2023	8/31/2028	220,060	222,724	3.99
JNITED STATES TREASURY JNITED STATES TREASURY	9/11/2023	8/15/2026	1,980,625	2,009,300	4.04
JNITED STATES TREASURY JNITED STATES TREASURY	9/12/2023 9/15/2023	8/15/2026 8/15/2026	6,441,855 5,448,223	6,530,225 5,525,575	4.04 4.04
INITED STATES TREASURY	9/19/2023	12/31/2026	4,933,887	5,235,120	3.99
JNITED STATES TREASURY	9/22/2023	8/15/2026	543,641	552,558	4.04
INITED STATES TREASURY	9/22/2023	2/28/2026	9,425,801	10,129,875	4.14
JNITED STATES TREASURY	10/2/2023	9/30/2028	6,785,827	6,921,160	4.00
JNITED STATES TREASURY	10/5/2023	9/15/2026	4,467,129	4,539,375	4.03
JNITED STATES TREASURY	10/17/2023	9/30/2028	1,444,279	1,480,189	4.00
JNITED STATES TREASURY JNITED STATES TREASURY	11/1/2023 11/1/2023	9/30/2028	6,762,269	6,961,992	4.00 4.03
INITED STATES TREASURY	11/1/2023	10/15/2026 10/15/2026	4,367,688 3,988,750	4,440,392 4,036,720	4.03
INITED STATES TREASURY				-,000,120	

SETTLE DATE	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
11/15/2023	11/15/2026	5,739,809	5,831,191	4.03
12/1/2023 12/11/2023	11/30/2028	6,415,842	6,477,687	4.00
12/12/2023	11/15/2026 11/15/2026	10,332,480 2,808,859	10,349,733 2,827,244	4.03 4.03
12/15/2023	11/15/2026	4,775,420	4,796,218	4.03
1/2/2024	12/15/2026	10,465,219	10,423,092	4.02
1/5/2024	12/15/2026	9,561,602	9,557,855	4.02
1/9/2024	12/15/2026	5,036,328	5,030,450	4.02
1/11/2024	6/30/2027	6,514,965	6,594,542	3.96
1/19/2024 1/22/2024	1/15/2027 12/31/2026	2,863,657 2,617,289	2,874,655 2,708,084	4.01 3.99
1/22/2024	12/31/2026	8,739,629	9,042,480	3.99
2/1/2024	1/15/2027	10,395,058	10,393,753	4.01
2/8/2024	8/31/2026	19,873,301	20,673,590	4.03
2/15/2024	8/31/2026	13,678,711	14,290,500	4.03
2/16/2024 2/20/2024	2/15/2027	3,219,785	3,257,605	4.00 4.00
3/1/2024	2/15/2027 2/15/2027	1,877,679 16,567,753	1,899,434 16,749,101	4.00
3/12/2024	2/15/2027	7,964,063	8,018,720	4.00
3/15/2024	11/15/2028	4,757,617	4,851,550	3.99
3/15/2024	12/31/2026	7,786,465	8,090,938	3.99
4/1/2024	2/28/2029	936,753	943,368	4.01
4/1/2024 4/5/2024	3/15/2027 3/15/2027	761,773 4,889,986	768,794 4,949,428	3.99 3.99
4/8/2024	3/15/2027	4,219,287	4,271,080	3.99
4/15/2024	4/15/2027	4,096,797	4,141,820	3.99
4/19/2024	8/15/2028	9,283,594	9,644,100	3.99
5/1/2024	4/15/2027	618,604	631,375	3.99
5/13/2024	4/15/2027	4,106,953	4,167,075	3.99
5/20/2024 5/20/2024	6/30/2027 8/31/2026	4,073,523 3,111,531	4,163,245 3,239,031	3.96 4.03
5/28/2024	5/15/2027	1,739,609	1,768,725	3.99
6/3/2024	5/31/2029	999,180	1,019,060	4.01
6/3/2024	5/15/2027	13,039,841	13,250,277	3.99
6/11/2024	5/15/2027	6,942,813	7,024,365	3.99
6/12/2024 6/17/2024	5/15/2027 5/15/2027	1,993,047 4,437,311	2,021,400 4,497,615	3.99 3.99
7/1/2024	6/15/2027	3,756,849	3,797,655	3.98
7/2/2024	10/31/2027	5,342,742	5,568,156	3.98
7/3/2024	3/31/2027	7,438,488	7,620,937	3.97
7/3/2024	3/31/2027	6,467,221	6,624,516	3.98
7/5/2024 8/1/2024	5/15/2027 7/15/2027	10,468,418 15,348,419	10,612,350 15,355,001	3.99 3.98
8/5/2024	7/15/2027	4,981,561	4,968,685	3.98
8/5/2024	7/31/2026	5,674,719	5,674,917	4.05
8/12/2024	7/15/2027	8,643,955	8,590,648	4.06
8/16/2024	7/31/2029	2,018,750	1,999,540	4.01
8/16/2024 8/16/2024	6/30/2029 12/31/2028	3,190,311 11,160,625	3,175,727 11,098,500	4.02 4.01
8/16/2024	8/15/2028	1,928,359	1,928,820	3.99
8/16/2024	5/31/2028	4,115,146	4,104,609	3.99
8/16/2024	2/29/2028	2,008,984	2,001,180	3.98
8/16/2024	10/31/2027	2,560,436	2,601,516	3.98
8/21/2024 8/21/2024	12/31/2026 7/31/2026	9,320,309 2,263,184	9,423,216 2,259,923	3.99 4.05
9/3/2024	4/30/2029	2,893,008	2,871,090	4.00
9/3/2024	5/31/2028	2,989,102	2,967,420	3.98
9/3/2024	8/15/2027	8,781,178	8,738,000	3.98
9/10/2024	8/15/2027	11,546,270	11,438,475	3.98
9/12/2024 9/26/2024	8/31/2026 5/31/2029	3,878,466 4,828,516	3,853,204 4,756,450	4.05 4.01
9/27/2024	6/30/2029	3,771,809	4,756,450 3,709,638	4.01
9/27/2024	11/15/2027	4,817,578	4,781,050	3.97
9/27/2024	9/15/2027	1,421,382	1,404,623	3.97
9/30/2024	9/30/2029	6,637,271	6,508,688	4.01
9/30/2024 9/30/2024	2/15/2028	7,320,703	7,246,875 3,055,670	3.97 3.97
10/1/2024	9/15/2027 9/30/2029	3,087,285 34,159,484	33,551,550	4.01
10/1/2024	9/15/2027	23,411,266	23,203,378	3.97
10/3/2024	12/31/2028	2,316,262	2,279,156	4.01
10/3/2024	10/31/2027	3,645,000	3,651,250	3.98
10/3/2024	3/31/2027	18,519,805	18,445,580	3.97
10/4/2024 10/4/2024	1/31/2029 11/15/2028	3,298,750 2,065,219	3,249,740 2,037,651	4.00 3.99
10/4/2024	9/15/2027	14,431,348	14,292,650	3.95
10/7/2024	5/31/2029	2,862,422	2,853,870	4.01
10/7/2024	3/31/2027	5,125,170	5,135,638	3.97
10/8/2024	10/31/2027	902,305	912,813	3.98
10/8/2024	6/30/2027 6/30/2027	3,932,344 6,635,830	3,936,875 6 643 755	3.96 3.96
10/8/2024 10/9/2024	8/31/2028	6,635,830 1,883,025	6,643,755 1,872,903	3.96 3.99
10/9/2024	3/31/2027	4,836,914	4,853,125	3.98
10/22/2024	11/15/2028	2,333,063	2,328,744	3.99
10/25/2024	7/31/2028	3,513,809	3,516,275	3.98

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DESCRIPTION	SETTLE DATE	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
UNITED STATES TREASURY	10/29/2024	1/31/2029	2,238,750	2,249,820	4.00
UNITED STATES TREASURY	10/29/2024	10/15/2027	1,987,813	1,995,000	3.98
UNITED STATES TREASURY	10/31/2024	7/31/2029	8,956,406	8,997,930	4.01
UNITED STATES TREASURY	11/1/2024	10/15/2027	28,308,905	28,428,750	3.98
UNITED STATES TREASURY	11/4/2024	2/15/2029	1,878,281	1,900,000	4.00
UNITED STATES TREASURY	11/4/2024	10/15/2027	3,820,674	3,840,375	3.98
UNITED STATES TREASURY	11/5/2024	6/30/2027	1,887,637	1,899,622	3.96
UNITED STATES TREASURY	11/7/2024	10/31/2027	1,612,547	1,643,063	3.98
UNITED STATES TREASURY	11/7/2024	10/31/2027	3,673,023	3,742,849	3.97
UNITED STATES TREASURY UNITED STATES TREASURY	11/7/2024 11/12/2024	10/15/2027 10/31/2029	1,982,500	1,995,000	3.98 4.01
UNITED STATES TREASURY	11/12/2024	12/31/2027	2,493,262 3,963,125	2,511,725 3,990,000	3.97
UNITED STATES TREASURY	11/15/2024	1/31/2028	7,317,480	7,402,425	3.98
UNITED STATES TREASURY	11/22/2024	10/31/2026	3,844,168	3,866,022	4.03
UNITED STATES TREASURY	11/26/2024	11/15/2027	696,227	702,597	3.98
UNITED STATES TREASURY	11/26/2024	10/31/2026	696,746	701,092	4.03
UNITED STATES TREASURY	11/27/2024	1/31/2029	7,929,375	7,999,360	4.00
UNITED STATES TREASURY	11/27/2024	7/31/2028	3,983,750	4,018,600	3.98
UNITED STATES TREASURY	12/2/2024	11/30/2029	10,892,504	10,926,089	4.00
UNITED STATES TREASURY	12/2/2024	11/15/2027	6,205,491	6,228,021	3.98
UNITED STATES TREASURY	12/6/2024	11/15/2027	3,820,368	3,839,191	3.98
UNITED STATES TREASURY	12/9/2024	11/30/2029	1,946,593	1,950,010	4.00
UNITED STATES TREASURY	12/10/2024	11/30/2029	4,009,844	4,020,640	4.00
UNITED STATES TREASURY UNITED STATES TREASURY	12/10/2024	11/15/2027	3,827,689	3,839,191 8,071,600	3.98 4.01
UNITED STATES TREASURY	12/16/2024 12/16/2024	2/28/2029 11/15/2027	7,999,063 3,825,149	3,839,191	3.98
UNITED STATES TREASURY	12/17/2024	12/15/2027	2,981,016	3,002,580	3.97
UNITED STATES TREASURY	12/18/2024	11/30/2027	3,839,429	3,864,576	3.98
UNITED STATES TREASURY	12/20/2024	6/30/2028	7,409,473	7,504,425	3.98
UNITED STATES TREASURY	12/24/2024	10/31/2027	6,102,734	6,207,652	3.97
UNITED STATES TREASURY	12/24/2024	6/30/2027	7,308,398	7,381,950	3.96
UNITED STATES TREASURY	1/2/2025	12/31/2029	5,486,569	5,575,809	4.02
UNITED STATES TREASURY	1/2/2025	12/15/2027	15,366,534	15,498,317	3.97
UNITED STATES TREASURY	1/9/2025	12/31/2029	995,586	1,015,630	4.02
UNITED STATES TREASURY	1/13/2025	12/31/2029	2,483,594	2,539,075	4.02
UNITED STATES TREASURY	1/13/2025	6/30/2029	2,182,754	2,230,281	4.02
UNITED STATES TREASURY	1/13/2025	5/31/2028	7,629,050	7,744,966	3.98
UNITED STATES TREASURY	1/15/2025	1/15/2028	3,840,525	3,878,567	3.97
UNITED STATES TREASURY	2/3/2025	1/15/2028	9,102,866	9,172,559	3.97
UNITED STATES TREASURY UNITED STATES TREASURY	2/6/2025 2/6/2025	2/28/2029 1/15/2028	996,641 3,848,346	1,008,950	4.01 3.97
UNITED STATES TREASURY	2/10/2025	2/28/2029	3,848,348 997,031	3,878,567 1,008,950	3.97 4.01
UNITED STATES TREASURY	2/10/2025	1/15/2028	1,747,881	1,762,985	3.97
UNITED STATES TREASURY	2/10/2025	10/15/2027	677,775	683,288	3.98
UNITED STATES TREASURY	2/10/2025	6/15/2027	1,914,473	1,926,714	3.98
UNITED STATES TREASURY	2/13/2025	6/30/2029	1,927,395	1,963,617	4.02
UNITED STATES TREASURY	2/13/2025	10/31/2027	4,621,126	4,678,561	3.97
UNITED STATES TREASURY	2/13/2025	10/15/2027	7,403,613	7,481,250	3.98
UNITED STATES TREASURY	2/18/2025	1/31/2027	1,845,736	1,854,052	4.00
UNITED STATES TREASURY	2/18/2025	1/31/2027	314,274	315,198	4.09
UNITED STATES TREASURY	2/18/2025	6/15/2026	723,811	725,624	4.05
UNITED STATES TREASURY	2/18/2025	6/15/2026	643,942	644,974	4.12
SUB-TOTAL			993,020,946	1,002,797,667	
FEDERAL AGENCY/GSE					
FEDERAL FARM CREDIT BANKS FUNDING CORP	8/14/2023	8/14/2026	8,767,160	8,852,888	4.07
FEDERAL FARM CREDIT BANKS FUNDING CORP	9/11/2023	9/1/2026	3,994,800	4,037,080	4.11
FEDERAL FARM CREDIT BANKS FUNDING CORP	11/1/2023	7/30/2026	3,995,640	4,047,880	4.12
FEDERAL FARM CREDIT BANKS FUNDING CORP	11/15/2023	11/15/2027	4,973,700	5,073,700	4.04
FEDERAL FARM CREDIT BANKS FUNDING CORP	12/11/2023	10/4/2027	4,012,000	4,043,520	4.05
FEDERAL FARM CREDIT BANKS FUNDING CORP	12/13/2023	12/7/2026	7,968,800	8,036,720	4.10
FEDERAL FARM CREDIT BANKS FUNDING CORP	4/15/2024	4/10/2029	4,942,000	5,057,650	4.07
FEDERAL FARM CREDIT BANKS FUNDING CORP	4/30/2024	4/30/2029	2,396,400	2,395,776	5.67
FEDERAL FARM CREDIT BANKS FUNDING CORP	5/30/2024	5/8/2026	7,957,920	8,057,440	4.12
FEDERAL FARM CREDIT BANKS FUNDING CORP	8/23/2024	8/16/2027	4,984,050	4,965,550	4.05
FEDERAL FARM CREDIT BANKS FUNDING CORP	9/19/2024	9/10/2029	3,110,585	3,041,112	4.08
FEDERAL HOME LOAN BANKS	2/1/2023 3/24/2023	12/10/2027	5,105,600	5,031,000	4.01
FEDERAL HOME LOAN BANKS	6/15/2023	3/10/2028	5,108,250	5,071,400	4.00
FEDERAL HOME LOAN BANKS		3/25/2027	4,830,700	5,012,474	4.11
FEDERAL HOME LOAN BANKS FEDERAL HOME LOAN BANKS	6/26/2023 6/30/2023	8/26/2026 6/9/2028	1,783,600 1,996,120	1,908,194 1,999,420	4.10 4.01
FEDERAL HOME LOAN BANKS FEDERAL HOME LOAN BANKS	7/21/2023	6/30/2028	3,965,360	4,001,960	4.01 3.98
FEDERAL HOME LOAN BANKS	9/8/2023	9/8/2028	3,965,360	4,001,960	3.98 4.00
FEDERAL HOME LOAN BANKS	10/2/2023	9/11/2026	6,931,120	4,048,840	4.00 4.07
FEDERAL HOME LOAN BANKS	1/23/2024	11/17/2026	5,056,950	5,045,350	4.07
FEDERAL NATIONAL MORTGAGE ASSOCIATION	12/6/2021	8/25/2025	7,771,280	7,850,880	4.25
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/27/2023	7/24/2026	5,226,860	5,302,226	4.21
FHMS K-051 A2	5/19/2022	9/25/2025	3,830,994	3,773,693	4.45
FHMS K-051 A2	8/10/2022	9/25/2025	1,910,498	1,910,432	4.45
FHMS K-053 A2	8/9/2022	12/25/2025	3,205,330	3,206,346	4.36
FHMS K-054 A2	2/21/2023	1/25/2026	4,480,033	4,648,981	4.38
FHMS K-054 A2	3/6/2023	1/25/2026	1,443,972	1,510,919	4.38
FHMS K-054 A2	5/15/2023	1/25/2026	4,458,702	4,556,002	4.38
FHMS K-057 A2	3/7/2023	7/25/2026	1,766,852	1,858,922	4.31

DESCRIPTION	SETTLE DATE	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
FHMS K-057 A2	5/23/2023	7/25/2026	2,258,291	2,323,653	4.31
FHMS K-058 A2	4/17/2023	8/25/2026	2,290,781	2,342,040	4.30
FHMS K-059 A2	11/20/2023	9/25/2026	3,078,232	3,191,370	4.30
FHMS K-061 A2	5/24/2023	11/25/2026	1,618,976	1,643,299	4.29
FHMS K-062 A2	7/28/2022	12/25/2026	492,458	483,085	4.28
FHMS K-062 A2	11/13/2023	12/25/2026	1,904,297	1,967,760	4.28
FHMS K-062 A2	8/30/2024	12/25/2026	1,178,766	1,180,493	4.29
FHMS K-063 A2	7/29/2022	1/25/2027	4,743,179	4,640,362	4.28
FHMS K-063 A2	12/9/2022	1/25/2027	3,872,656	3,936,680	4.28
FHMS K-063 A2	10/20/2023	1/25/2027	1,720,633	1,796,110	4.28
FHMS K-065 A2	5/1/2023	4/25/2027	1,162,125	1,175,496	4.21
FHMS K-065 A2	5/14/2024	4/25/2027	2,716,963	2,791,803	4.21
FHMS K-066 A2	7/29/2022	6/25/2027	521,186	512,048	4.26
FHMS K-066 A2	7/15/2024	6/25/2027	2,055,770	2,096,960	4.26
FHMS K-067 A2	4/18/2023	7/25/2027	3,858,125	3,899,760	4.27
FHMS K-068 A2	5/17/2023	8/25/2027	2,912,461	2,926,350	4.27
FHMS K-068 A2	6/21/2024	8/25/2027	2,575,758	2,633,715	4.27
FHMS K-068 A2	8/19/2024	8/25/2027	778,531	780,360	4.27
FHMS K-069 A2	6/14/2023	9/25/2027	3,768,160	3,848,792	4.27
FHMS K-069 A2	6/21/2024	9/25/2027	2,539,338	2,597,934	4.27
FHMS K-069 A2	12/31/2024	9/25/2027	951,537	961,782	4.28
FHMS K-070 A2	8/1/2024	11/25/2027	1,851,685	1,876,798	4.20
FHMS K-070 A2	12/31/2024	11/25/2027		1,130,414	4.27
FHMS K-073 A2	5/30/2023	1/25/2028	1,118,131		4.25
FHMS K-073 A2 FHMS K-081 A2	3/25/2024		6,511,410	6,604,473 4,889,990	4.27
FHMS K-081 A2 FHMS K-084 A2	12/12/2024	8/25/2028	4,803,447		4.27
		10/25/2028	3,916,250	3,929,880	
FHMS K-092 A2	9/24/2024	4/25/2029	1,954,531	1,924,280	4.30
FHMS K-093 A2	10/21/2024	5/25/2029	2,858,438	2,852,400	4.31
FHMS K-101 A1	12/31/2024	7/25/2029	754,100	761,721	4.55
FHMS K-507 A2	10/15/2024	9/25/2028	1,267,578	1,267,713	4.30
FHMS K-509 A2	10/15/2024	9/25/2028	1,524,492	1,522,530	4.33
FHMS K-513 A2	9/30/2024	12/25/2028	1,645,875	1,618,704	4.34
FHMS K-517 A2	9/30/2024	1/25/2029	1,579,863	1,550,775	4.35
FHMS K-518 A2	9/30/2024	1/25/2029	1,605,301	1,578,817	4.35
FHMS K-520 A2	9/30/2024	3/25/2029	1,405,262	1,383,386	4.35
FHMS K-528 A2	9/12/2024	7/25/2029	566,089	558,008	4.34
FHMS K-529 A2	10/16/2024	9/25/2029	974,088	970,777	4.36
FHMS K-530 A2	11/27/2024	9/25/2029	1,201,222	1,214,861	4.35
FHMS K-531 A2	12/12/2024	10/25/2029	803,634	808,504	4.35
FHMS K-733 A2	3/9/2023	8/25/2025	1,728,433	1,775,448	4.51
FHMS K-734 A2	4/24/2023	2/25/2026	1,911,213	1,957,359	4.39
FHMS K-736 A2	10/11/2023	7/25/2026	2,443,650	2,569,799	4.30
FHMS K-739 A2	11/4/2024	9/25/2027	4,408,481	4,469,878	4.25
FHMS K-748 A2	8/22/2024	1/25/2029	1,847,109	1,854,580	4.33
FHMS K-750 A2	11/4/2024	9/25/2029	1,881,406	1,897,580	4.34
FHMS K-S07 A2	7/28/2022	9/25/2025	489,922	493,765	4.71
FHMS K-S08 A2	9/16/2022	3/25/2027	894,504	902,476	4.46
FHMS K-S08 A2	1/13/2023	3/25/2027	456,260	463,434	4.46
FHR 3778 L	5/11/2022 4/9/2021	12/15/2025	42,528	41,935	5.06
FHR 3806 L		2/15/2026	27,666	26,013	5.17
FHR 3806 L FHR 3806 L	12/10/2021 5/5/2022	2/15/2026 2/15/2026	4,060 192,961	3,539 189,647	5.17 5.17
FN AM8730	5/21/2021	7/1/2025	1,560,624	1,447,763	4.62
FN AN0571	5/1/2023	1/1/2026	582,703	592,512	4.62
FN AN1793	5/12/2023	6/1/2026	344,930	353,385	4.46
FN AN6001	4/24/2023	7/1/2027	502,670	516,250	4.54
FN BL5365	9/26/2022	2/1/2027	288,055	301,255	4.26
FNA 2012-M14 AL	4/26/2023	9/25/2027	3,554,604	3,612,377	5.86
FNA 2016-M03 A2	7/28/2022	2/25/2026	1,281,850	1,284,337	4.80
FNA 2016-M03 A2	10/12/2022	2/25/2026	1,612,300	1,680,440	4.80
FNA 2017-M2 A2	4/19/2023	2/25/2027	375,542	386,123	5.06
FNA 2017-M2 A2	5/1/2023	2/25/2027	896,406	915,255	5.06
FNA 2018-M1 A2	4/21/2023	12/25/2027	644,476	659,018	4.88
FNA 2024-M6 A2	12/17/2024	7/25/2027	3,932,375.00	3,959,229.25	4.83
FNGT 2017-T1 A	2/20/2024	6/25/2027	2,649,189.19	2,719,502.08	4.43
FNGT 2017-T1 A	3/4/2024	6/25/2027	928,806.50	954,211.26	4.43
FRESB 2018-SB52 10F	11/18/2024	6/25/2028	572,863.96	574,730.41	4.69
	SUB-TOTAL		249,350,083	252,178,849	
MEDIUM TERM NOTES					
ABBVIE INC	6/13/2024	11/21/2026	4,703,375	4,811,676	4.34
ABBVIE INC	8/6/2024	3/15/2029	352,345	348,671	4.50
ABBVIE INC	9/19/2024	3/15/2029	1,197,468	1,170,468	4.55
ACCENTURE CAPITAL INC	10/4/2024	10/4/2029	544,046	536,089	4.45
ACCENTURE CAPITAL INC	10/4/2024	10/4/2027	569,265	564,693	4.28
ADOBE INC	4/4/2024	4/4/2027	1,544,228	1,563,602	4.22
	1/17/2025	1/17/2028	2,398,728	2,435,904	4.18
AIR PRODUCTS AND CHEMICALS INC	2/13/2024	5/15/2027	1,829,260	1,898,800	4.27
AIR PRODUCTS AND CHEMICALS INC	9/3/2024	2/8/2029	509,605	504,065	4.37
	7/15/2024	8/22/2027	3,819,680	3,900,640	4.21
AMERICAN EXPRESS CO	11/4/2021	11/4/2026	560,000	561,742	4.77
	8/3/2022	8/1/2025	2,452,545	2,448,568	4.57
AMERICAN EXPRESS CO AMERICAN EXPRESS CO	7/28/2023 10/30/2023	7/28/2027 10/30/2026	2,445,000 765,000	2,474,364 773,667	4.50 4.60
	10/00/2020	10/00/2020	100,000	110,001	4.00

DESCRIPTION	SETTLE DATE	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
AMERICAN EXPRESS CO	4/25/2024	4/23/2027	595,000	602,176	4.86
AMERICAN EXPRESS CO	7/26/2024	7/26/2028	475,000	480,273	4.80
AMERICAN HONDA FINANCE CORP	7/7/2023	7/7/2026	1,243,469	1,258,483	4.42
AMERICAN HONDA FINANCE CORP	9/13/2024	9/5/2029	804,152	790,464	4.70
APPLE INC	2/27/2023	2/23/2026	1,916,880	1,979,280	4.33
APPLE INC	3/23/2023	2/23/2026	1,938,220	1,979,280	4.33
ASTRAZENECA FINANCE LLC	2/26/2024	2/26/2027	1,712,119	1,732,219	4.25
ATHENE GLOBAL FUNDING	3/26/2024	3/25/2027	2,555,000	2,595,625	4.70
AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD (NEW Y	1/18/2024	1/18/2027	2,350,000	2,369,482	4.29
AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD (NEW Y	3/18/2024	3/18/2026	1,500,000	1,510,440	4.32
BANK OF AMERICA CORP	3/22/2022	4/2/2026	550,000	549,428	4.43
BANK OF AMERICA CORP	7/22/2022 1/20/2023	7/22/2026 1/20/2027	195,000	195,084	4.70 4.59
BANK OF AMERICA CORP BANK OF AMERICA CORP	8/13/2024	4/24/2028	1,425,000 1,757,601	1,430,971 1,768,947	4.59
BANK OF AMERICA CORP	9/13/2024	3/5/2029	492,925	490,275	4.67
BANK OF AMERICA CORP	11/5/2024	4/24/2028	3,820,040	3,840,855	4.70
BANK OF AMERICA CORP	11/12/2024	7/23/2029	1,965,280	1,971,780	4.72
BANK OF AMERICA CORP	1/24/2025	1/24/2029	9,625,000	9,710,278	4.65
BANK OF NEW YORK MELLON CORP	4/26/2022	4/25/2025	1,229,828	1,227,725	4.48
BANK OF NEW YORK MELLON CORP	7/26/2022	7/24/2026	3,510,000	3,506,630	4.64
BANK OF NEW YORK MELLON CORP	8/31/2022	1/26/2027	3,695,080	3,844,960	4.18
BANK OF NEW YORK MELLON CORP	7/22/2024	7/21/2028	2,050,000	2,067,651	4.71
BANK OF NEW YORK MELLON CORP	9/13/2024	4/28/2028	746,340	741,390	4.24
BLACKROCK INC	7/26/2024	7/26/2027	7,240,233	7,286,730	4.27
BMW US CAPITAL LLC	4/1/2022	4/1/2025	194,817	194,739	4.66
BMW US CAPITAL LLC BMW US CAPITAL LLC	4/2/2024 8/13/2024	4/2/2027 4/2/2027	2,447,085	2,468,155	4.52 4.54
BMW US CAPITAL LLC BMW US CAPITAL LLC	8/13/2024 8/13/2024	4/2/2027 8/13/2026	964,149 3,964,921	961,808 3,975,428	4.54 4.46
BMW US CAPITAL LLC	8/16/2024	8/13/2026	1,664,184	1,669,619	4.40
BP CAPITAL MARKETS AMERICA INC	5/17/2024	11/17/2027	2,700,000	2,741,742	4.39
BRISTOL-MYERS SQUIBB CO	2/22/2024	2/22/2027	1,178,726	1,193,369	4.27
BRISTOL-MYERS SQUIBB CO	8/6/2024	2/22/2029	353,211	350,292	4.47
CADENCE DESIGN SYSTEMS INC	9/10/2024	9/10/2027	1,539,738	1,529,343	4.49
CAMDEN PROPERTY TRUST	11/3/2023	11/3/2026	2,449,927	2,504,145	4.40
CATERPILLAR FINANCIAL SERVICES CORP	5/14/2024	5/14/2027	2,562,179	2,603,193	4.28
CATERPILLAR FINANCIAL SERVICES CORP	5/17/2024	5/14/2027	5,014,650	5,074,450	4.28
CATERPILLAR FINANCIAL SERVICES CORP	8/16/2024	8/16/2029	728,022	726,919	4.48
CATERPILLAR FINANCIAL SERVICES CORP	8/16/2024	10/15/2027	1,319,340	1,322,376	4.33
CATERPILLAR FINANCIAL SERVICES CORP	8/16/2024	10/16/2026	3,267,449	3,281,216	4.23
CATERPILLAR FINANCIAL SERVICES CORP	11/15/2024	11/15/2029	549,104	555,918	4.44
CATERPILLAR FINANCIAL SERVICES CORP CATERPILLAR FINANCIAL SERVICES CORP	11/15/2024 1/8/2025	11/15/2027 1/8/2030	1,248,925 1,542,018	1,259,350 1,568,407	4.30 4.45
CATERPILLAR FINANCIAL SERVICES CORP	1/8/2025	1/7/2027	999,550	1,006,000	4.45
CENCORA INC	12/9/2024	12/15/2027	419,223	420,748	4.55
CHEVRON USA INC	2/26/2025	2/26/2028	7,960,000	7,999,084	4.30
CHEVRON USA INC	2/26/2025	2/26/2027	1,885,000	1,890,649	4.25
CHUBB INA HOLDINGS LLC	8/28/2023	5/3/2026	1,651,406	1,709,551	4.39
CHUBB INA HOLDINGS LLC	12/29/2023	5/3/2026	2,207,530	2,243,169	4.39
CINTAS NO 2 CORP	5/3/2022	5/1/2025	414,909	414,079	4.68
CISCO SYSTEMS INC	2/26/2024	2/26/2027	5,802,447	5,876,176	4.18
CISCO SYSTEMS INC	3/4/2024	2/26/2027	2,336,261	2,361,596	4.18
CISCO SYSTEMS INC	8/19/2024	2/26/2027	1,286,599	1,282,733	4.25
CISCO SYSTEMS INC CITIBANK NA	2/24/2025 12/4/2023	2/24/2030 12/4/2026	124,906 1,440,000	126,320 1,465,301	4.51 4.39
CITIBANK NA	4/30/2024	4/30/2026	1,005,000	1,016,246	4.35
CITIBANK NA	8/6/2024	9/29/2028	722,692	718,656	4.51
CITIBANK NA	8/6/2024	8/6/2026	1,095,000	1,102,101	4.43
CITIBANK NA	8/6/2024	8/6/2026	4,310,000	4,340,773	4.38
CITIBANK NA	11/19/2024	11/19/2027	1,925,000	1,934,394	4.57
COMCAST CORP	9/13/2024	6/1/2029	624,444	612,768	4.53
COMCAST CORP	11/5/2024	4/1/2027	3,812,544	3,828,987	4.41
COMMONWEALTH BANK OF AUSTRALIA (NEW YORK BRANCH)	3/13/2023	3/13/2026	1,725,000	1,742,405	4.31
COOPERATIEVE RABOBANK UA (NEW YORK BRANCH)	1/9/2024	1/9/2026	749,715	753,120	4.35
COOPERATIEVE RABOBANK UA (NEW YORK BRANCH)	9/3/2024	1/9/2029	510,175	507,470	4.37
COREBRIDGE GLOBAL FUNDING	8/22/2024	8/20/2027	1,859,702	1,865,096	4.53
COREBRIDGE GLOBAL FUNDING DTE ELECTRIC CO	1/9/2025 2/29/2024	1/7/2028 12/1/2026	590,000 3,459,446	595,045 3,495,396	4.58 4.24
DTE ELECTRIC CO	8/16/2024	12/1/2026	1,411,252	1,406,510	4.24
DUKE ENERGY CAROLINAS LLC	12/12/2023	11/15/2028	3,653,676	3,748,430	4.43
DUKE ENERGY CAROLINAS LLC	2/28/2025	2/1/2030	1,804,900	1,813,520	4.59
ELI LILLY AND CO	2/9/2024	2/9/2027	2,468,691	2,485,487	4.15
ELI LILLY AND CO	8/14/2024	8/14/2029	1,137,503	1,131,906	4.38
ELI LILLY AND CO	8/16/2024	2/9/2029	1,516,917	1,505,226	4.31
ELI LILLY AND CO	2/12/2025	2/12/2030	324,815	329,245	4.45
ELI LILLY AND CO	2/12/2025	2/12/2028	664,574	670,027	4.27
ENTERPRISE PRODUCTS OPERATING LLC	1/11/2024	1/11/2027	2,562,358	2,575,209	4.37
FIFTH THIRD BANK NA	1/28/2025	1/28/2028	1,015,000	1,021,141	4.63
FLORIDA POWER & LIGHT CO	7/24/2023	5/15/2028	3,935,680	4,001,400	4.39
FLORIDA POWER & LIGHT CO	9/19/2024	5/15/2028	862,019	850,351	4.38
GEORGIA POWER CO	11/6/2024	9/15/2029	1,762,476	1,777,165	4.60
GOLDMAN SACHS BANK USA GOLDMAN SACHS BANK USA	3/18/2024 5/21/2024	3/18/2027 5/21/2027	2,220,000 1,265,000	2,235,518 1,278,776	4.59 4.49
GOLDMAN SACHS GROUP INC	8/10/2023	8/10/2026	2,775,000	2,788,098	4.49
GOLDMAN SACHS GROUP INC	11/14/2023	11/16/2026	1,937,324	2,041,655	4.71
			.,	2,041,000	

DESCRIPTION         SETTLE DATE         MATURITY DATE         BOOK VALUE         MARKET VA           GOLDMAN SACHS GROUP INC         10/10/2024         3/15/2028         1,606,688         1,609,688	471 4.77
GUARDIAN LIFE GLOBAL FUNDING         9/26/2024         9/26/2029         595,000         585,	
124/2020 020,091 007,	182 4.49
HERSHEY CO 2/24/2025 2/24/2028 779,462 786,	
HOME DEPOT INC 9/19/2022 9/15/2025 1,699,388 1,695	
HOME DEPOT INC 12/4/2023 9/30/2026 1,017,766 1,030	
HOME DEPOT INC         6/25/2024         6/25/2027         5,905,977         5,995,           HOME DEPOT INC         6/25/2024         6/25/2026         5,219,200         5,285,	
HONE/WELL INTERNATIONAL INC 8/20/2024 8/15/2029 1,865,940 1,862,	
HORMELFOODS CORP 3/8/2024 3/30/2027 2,282,784 2,305	
HUNTINGTON NATIONAL BANK 2/26/2025 4/12/2028 1,265,000 1,273	
HYUNDAI CAPITAL AMERICA 2/26/2024 3/30/2026 4,817,909 4,857,	
HYUNDAI CAPITAL AMERICA 8/13/2024 1/8/2027 1,402,802 1,403,	
INTERCONTINENTAL EXCHANGE INC 5/23/2022 5/23/2025 854,060 852,	
JACKSON NATIONAL LIFE GLOBAL FUNDING 1/9/2023 1/9/2026 1,601,549 1,617	
JACKSON NATIONAL LIFE GLOBAL FUNDING         4/12/2024         4/10/2026         4,276,833         4,323,           JOHN DEERE CAPITAL CORP         6/8/2023         6/8/2026         554,678         558,	
JOHN DEERE CAPITAL CORP 1/k/2021 998,890 1,005	
JOHN DEERE CAPITAL CORP 1/17/2024 1/8/2027 3,997,840 4,020,	
JOHN DEERE CAPITAL CORP 3/7/2024 3/5/2027 1,348,745 1,366,	
JOHN DEERE CAPITAL CORP 6/11/2024 6/11/2027 2,172,303 2,203,	4.29
JOHN DEERE CAPITAL CORP 8/20/2024 6/11/2029 2,044,940 2,031,	
JOHN DEERE CAPITAL CORP 9/6/2024 7/15/2027 1,734,757 1,731,	
JOHNSON & JOHNSON 2/20/2025 3/1/2028 1,044,394 1,053	
JPMORGAN CHASE & CO 4/26/2022 4/26/2026 1,000,000 998, JPMORGAN CHASE & CO 10/18/2023 11/19/2026 2,211,269 2,399,	
JPMORGAN CHASE & CO 10/10/2023 10/22/2027 1.209 2,999	
JPMORGAN CHASE & CO 10/23/2024 1/23/2028 1,490,000 1,502,	
JPMORGAN CHASE & CO 4/22/2024 4/22/2028 240,000 244,	
JPMORGAN CHASE & CO 6/13/2024 1/23/2028 3,934,033 3,976	
JPMORGAN CHASE & CO 7/22/2024 7/22/2028 950,000 957,	515 4.63
JPMORGAN CHASE & CO 8/13/2024 2/1/2028 2,898,373 2,915,	132 4.61
JPMORGAN CHASE & CO 9/13/2024 6/1/2029 553,518 553,	
JPMORGAN CHASE & CO 10/22/2024 10/22/2028 1,090,098 1,087	
JPMORGAN CHASE & CO 1/24/2025 1/24/2029 2,485,000 2,504, JPMORGAN CHASE BANK NA 12/8/2023 12/8/2026 2,965,000 3,003,	
KEYBANK NA         8/8/2022         8/8/2025         1,319,630         1,316,           KEYBANK NA         1/26/2023         1/26/2026         354,705         355,	
LINCOLN FINANCIAL GLOBAL FUNDING 1/2/225 1/2/2200 394,100 300,	
LOCKHEED MARTIN CORP 11/6/2024 2/15/2029 1,590,789 1,593	
M&T BANK CORP 12/17/2024 1/16/2029 870,000 871	
MANUFACTURERS AND TRADERS TRUST CO 1/27/2023 1/27/2026 2,430,763 2,433,	685 4.71
MANUFACTURERS AND TRADERS TRUST CO 8/6/2024 1/27/2028 340,111 346,	4.56
MARSH & MCLENNAN COMPANIES INC 11/8/2024 11/8/2027 3,366,613 3,374,	
MARSH & MCLENNAN COMPANIES INC 11/8/2024 11/8/2027 1,029,019 1,030	
MASSMUTUAL GLOBAL FUNDING II         8/26/2022         8/26/2025         889,083         888,           MASSMUTUAL GLOBAL FUNDING II         4/9/2024         4/9/2027         2,614,216         2,653,	
MASSMUTUAL GLOBAL FUNDING II         4/9/2024         4/9/2027         2,614,216         2,653,           MASSMUTUAL GLOBAL FUNDING II         8/16/2024         5/30/2029         1,525,333         1,522,	
MASSMUTUAL GLOBAL FUNDING II 1/10/2025 1/10/2030 1,599,232 1,620,	
MASTERCARD INC 9/5/2024 1/15/2028 1,199,340 1,196	
MASTERCARD INC 2/27/2025 3/15/2028 1,224,069 1,235,	
MERCEDES-BENZ FINANCE NORTH AMERICA LLC 8/23/2023 8/3/2026 1,340,348 1,364,	4.43
MERCEDES-BENZ FINANCE NORTH AMERICA LLC 1/11/2024 1/11/2027 1,698,266 1,708,	
MERCEDES-BENZ FINANCE NORTH AMERICA LLC 8/1/2024 7/31/2026 4,244,193 4,268,	
MERCEDES-BENZ FINANCE NORTH AMERICA LLC 9/3/2024 8/3/2028 358,474 354	
MET TOWER GLOBAL FUNDING         6/13/2022         6/13/2025         1,973,065         1,968,           MET TOWER GLOBAL FUNDING         10/1/2024         10/1/2027         494,708         489,	
META PULATFORMS 10/1/2024 8/15/2029 1,595,750 1,590,	
METROPOLITAN LIFE GLOBAL FUNDING I 3/21/2022 3/21/2025 579,484 579,	
METROPOLITAN LIFE GLOBAL FUNDING I 1/6/2023 1/6/2026 1,750,000 1,758	
METROPOLITAN LIFE GLOBAL FUNDING I 6/11/2024 6/11/2027 1,732,849 1,757,	642 4.44
METROPOLITAN LIFE GLOBAL FUNDING I 8/6/2024 1/8/2029 701,999 697,	411 4.54
METROPOLITAN LIFE GLOBAL FUNDING I 1/9/2025 1/9/2030 1,317,281 1,333,	
MORGAN STANLEY 10/18/2022 10/16/2026 1,165,000 1,176	
MORGAN STANLEY         1/19/2023         1/28/2027         754,985         758,           MORGAN STANLEY         4/19/2024         4/13/2028         1,530,000         1,560.	
MORGAN STANLEY         4/19/2024         4/13/2028         1,530,000         1,560,           MORGAN STANLEY         5/16/2024         7/20/2027         4,471,373         4,663,	
MORGAN STANLEY 8/6/2024 2/1/2029 349,555 349,	
MORGAN STANLEY 8/13/2024 4/13/2028 1,825,680 1,820,	
MORGAN STANLEY BANK NA 4/21/2023 4/21/2026 2,895,000 2,905,	
MORGAN STANLEY BANK NA 11/1/2023 10/30/2026 2,340,000 2,393,	4.37
MORGAN STANLEY BANK NA 1/18/2024 1/14/2028 1,250,000 1,257,	
MORGAN STANLEY BANK NA 5/30/2024 5/26/2028 680,000 691,	
MORGAN STANLEY BANK NA 7/19/2024 7/14/2028 1,060,000 1,068	
MORGAN STANLEY BANK NA 10/18/2024 10/15/2027 2,325,000 2,319 NORCAN STANLEY BANK NA 1/1/18/2024 10/15/2027 2,325,000 2,319	
MORGAN STANLEY BANK NA         1/21/2025         1/12/2029         1,315,000         1,327,           MUTUAL OF OMAHA COMPANIES GLOBAL FUNDING         11/21/2024         10/15/2029         1,596,575         1,618,	
NATIONAL AUSTRALIA BANK LTD (NEW YORK BRANCH) 1/12/2023 1/12/2026 675,000 678,	
NATIONAL AUSTRALIA BANK LTD (NEW YORK BRANCH) 6/11/2024 6/11/2027 1,335,000 1/356,	
NATIONAL AUSTRALIA BANK LTD (NEW YORK BRANCH) 11/26/2024 10/26/2027 967,177 974,	
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP 5/4/2022 6/15/2025 2,414,348 2,405,	
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP         10/31/2022         10/30/2025         114,846         115,	
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP         2/9/2023         3/13/2026         2,223,836         2,228,	
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP 11/2/2023 11/13/2026 1,734,393 1,766,	161 4.44

DESCRIPTION	SETTLE DATE	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/5/2024	2/5/2027	2,854,144	2,876,727	4.37
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	5/10/2024	5/6/2027	2,828,245	2,866,394	4.45
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	8/16/2024	2/5/2027	1,070,070	1,067,465	4.40
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	9/16/2024	6/15/2029	223,329	219,429	4.61
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	10/2/2024	6/15/2029	832,816	816,480	4.61
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/7/2025	2/7/2028	864,619.40	872,170.85	4.44
NATIONAL SECURITIES CLEARING CORP	8/6/2024	5/30/2028	353,035.05	350,216.40	4.48
NESTLE HOLDINGS INC	3/14/2023	3/13/2026	579,808.60	585,138.80	4.37
NEVADA POWER CO	8/16/2024	5/1/2029	1,579,360.95	1,581,368.73	4.57
NEW YORK LIFE GLOBAL FUNDING	9/19/2023	9/18/2026	1,384,736.85	1,408,628.10	4.30
NEW YORK LIFE GLOBAL FUNDING	2/8/2024	9/18/2026	4,115,934.00	4,119,093.00	4.30
NEW YORK LIFE GLOBAL FUNDING	10/1/2024	10/1/2027	2,739,397.20	2,706,270.60	4.41
NEW YORK LIFE GLOBAL FUNDING NEXTERA ENERGY CAPITAL HOLDINGS INC	12/5/2024 1/31/2024	12/5/2029 1/29/2026	2,128,785.90	2,135,665.80 2,619,448.20	4.54 4.54
NEXTERA ENERGY CAPITAL HOLDINGS INC	2/4/2025	2/4/2028	2,608,825.50 2,325,000.00	2,335,764.75	4.95
NEXTERA ENERGY CAPITAL HOLDINGS INC	2/4/2025	2/4/2028	1,364,959.05	1,377,175.80	4.52
NIKE INC	3/27/2020	3/27/2025	44,938.80	44,931.60	4.25
NORTHERN TRUST CORP	11/30/2022	5/10/2027	2,442,500.00	2,486,850.00	4.25
NORTHERN TRUST CORP	1/13/2023	5/10/2027	1,487,715.00	1,492,110.00	4.25
NORTHWESTERN MUTUAL GLOBAL FUNDING	7/1/2022	7/1/2025	5,003,298.30	4,992,637.65	4.71
NORTHWESTERN MUTUAL GLOBAL FUNDING	4/20/2023	4/6/2026	2,236,430.40	2,243,984.70	4.32
NORTHWESTERN MUTUAL GLOBAL FUNDING	3/25/2024	3/25/2027	1,209,866.90	1,226,141.40	4.39
NORTHWESTERN MUTUAL GLOBAL FUNDING	8/13/2024	3/25/2027	737,404.75	734,699.78	4.39
NORTHWESTERN MUTUAL GLOBAL FUNDING	8/19/2024	6/12/2028	1,322,438.00	1,313,910.00	4.54
NORTHWESTERN MUTUAL GLOBAL FUNDING	8/19/2024	3/25/2027	739,086.75	734,699.78	4.39
NORTHWESTERN MUTUAL GLOBAL FUNDING	9/12/2024	9/12/2027	819,975.40	814,153.40	4.41
NORTHWESTERN MUTUAL GLOBAL FUNDING NOVARTIS CAPITAL CORP	1/13/2025 9/18/2024	1/13/2030	1,594,936.20	1,618,685.75	4.62 4.35
NUVERN LLC	9/18/2024	9/18/2029	927,740.10	909,233.10	4.35 4.55
ONCOR ELECTRIC DELIVERY COMPANY LLC	11/13/2024	11/1/2028 11/1/2029	796,880.00 404,226.45	785,240.00 404,878.50	4.55
PACCAR FINANCIAL CORP	4/7/2022	4/7/2025	1,889,508.60	1,886,616.90	4.46
PACCAR FINANCIAL CORP	8/10/2023	8/10/2026	3,593,202.50	3,634,473.10	4.26
PACCAR FINANCIAL CORP	5/13/2024	5/13/2027	2,368,175.10	2,406,521.70	4.26
PACCAR FINANCIAL CORP	8/6/2024	8/6/2027	6,486,361.65	6,523,642.95	4.26
PACCAR FINANCIAL CORP	9/26/2024	9/26/2029	254,474.70	250,555.35	4.42
PACCAR FINANCIAL CORP	11/25/2024	11/25/2026	2,343,006.75	2,356,326.35	4.21
PACIFIC LIFE GLOBAL FUNDING II	8/30/2023	8/28/2026	794,721.75	807,879.00	4.37
PACIFIC LIFE GLOBAL FUNDING II	8/6/2024	7/18/2028	358,651.65	355,498.35	4.52
PACIFIC LIFE GLOBAL FUNDING II	8/16/2024	7/18/2028	1,001,563.80	999,324.07	4.53
PACIFIC LIFE GLOBAL FUNDING II	2/10/2025	2/10/2030	824,711.25	831,311.25	4.68
PEPSICO INC	9/3/2024	7/17/2029	511,250.00	504,395.00	4.27
PEPSICO INC PEPSICO INC	2/7/2025 2/7/2025	2/7/2030 2/7/2028	364,386.80 2,848,803.00	367,449.15 2,863,651.50	4.45 4.27
PFIZER INC	8/16/2024	3/15/2029	1,969,981.75	1,964,082.28	4.27
PNC FINANCIAL SERVICES GROUP INC	1/24/2023	1/26/2027	1,630,000.00	1,631,369.20	4.66
PNC FINANCIAL SERVICES GROUP INC	1/22/2024	1/21/2028	490,000.00	496,713.00	4.91
PNC FINANCIAL SERVICES GROUP INC	3/12/2024	10/20/2027	3,808,842.95	3,813,794.25	4.56
PRICOA GLOBAL FUNDING I	8/31/2022	8/28/2025	354,783.45	354,307.75	4.60
PRICOA GLOBAL FUNDING I	8/28/2023	8/28/2026	809,181.90	824,037.30	4.34
PRINCIPAL LIFE GLOBAL FUNDING II	1/16/2024	1/16/2027	474,814.75	479,564.75	4.46
PRINCIPAL LIFE GLOBAL FUNDING II	8/6/2024	1/25/2029	352,410.60	350,478.60	4.65
PRINCIPAL LIFE GLOBAL FUNDING II	8/19/2024	8/19/2027	789,383.80	792,243.60	4.48
PRINCIPAL LIFE GLOBAL FUNDING II PRINCIPAL LIFE GLOBAL FUNDING II	11/27/2024 1/9/2025	11/27/2029 1/9/2028	519,979.20 1,938,506.20	526,474.00 1,953,715.80	4.65 4.53
PUBLIC SERVICE ELECTRIC AND GAS CO	7/26/2023	5/1/2028	1,929,761.61	1,986,066.36	4.33
PUBLIC SERVICE ELECTRIC AND GAS CO	1/31/2024	9/1/2028	2,539,641.65	2,570,359.61	4.46
PUBLIC STORAGE OPERATING CO	8/6/2024	11/9/2028	311,866.20	315,916.50	4.45
ROCHE HOLDINGS INC	11/13/2023	11/13/2026	2,775,000.00	2,819,649.75	4.23
ROCHE HOLDINGS INC	9/18/2024	9/9/2029	757,912.50	745,065.00	4.36
ROYAL BANK OF CANADA	4/14/2022	4/14/2025	2,524,065.75	2,521,162.00	4.52
SAMMONS FINANCIAL GROUP GLOBAL FUNDING	1/10/2025	1/10/2028	794,364.00	800,668.35	4.78
SOUTHERN CALIFORNIA GAS CO	10/10/2024	4/15/2027	1,070,258.67	1,072,398.50	4.50
STATE STREET CORP	2/7/2022	3/30/2026	515,245.00	499,285.00	4.46
STATE STREET CORP	2/22/2022 11/4/2022	3/30/2026	1,530,195.00	1,497,855.00 690,480.00	4.46 4.54
STATE STREET CORP STATE STREET CORP	5/18/2023	11/4/2026 5/18/2026	685,000.00 1,225,000.00	1,226,470.00	4.54
STATE STREET CORP	8/3/2023	8/3/2026	3,235,000.00	3,274,531.70	4.33
STATE STREET CORP	3/18/2024	3/18/2027	5,775,000.00	5,843,953.50	4.36
STATE STREET CORP	2/28/2025	2/28/2028	2,790,000.00	2,799,318.60	4.41
TEXAS INSTRUMENTS INC	2/8/2024	2/8/2027	2,198,592.00	2,216,500.00	4.18
THERMO FISHER SCIENTIFIC INC	12/5/2023	12/5/2026	1,873,706.25	1,894,406.25	4.36
TORONTO-DOMINION BANK	4/12/2024	4/5/2027	4,942,150.00	5,046,950.00	4.51
TOYOTA MOTOR CREDIT CORP	5/18/2023	5/18/2026	1,509,124.20	1,513,291.80	4.26
TOYOTA MOTOR CREDIT CORP	3/21/2024	3/19/2027	724,122.75	734,657.00	4.32
TOYOTA MOTOR CREDIT CORP	5/16/2024	5/15/2026	3,822,513.75	3,867,228.00	4.25
TOYOTA MOTOR CREDIT CORP	8/20/2024	8/9/2029	2,012,880.00	2,001,420.00	4.53
TOYOTA MOTOR CREDIT CORP	10/10/2024	10/8/2027	219,914.20	220,002.20	4.35
TRUIST FINANCIAL CORP TRUIST FINANCIAL CORP	7/28/2022 10/28/2022	7/28/2026 10/28/2026	3,065,000.00 1,650,000.00	3,060,034.70 1,662,672.00	4.64 4.71
UBS AG (STAMFORD BRANCH)	1/10/2025	1/10/2028	4,605,000.00	4,624,939.65	4.71
UNILEVER CAPITAL CORP	8/12/2024	8/12/2027	1,002,316.65	1,005,281.40	4.24
UNITEDHEALTH GROUP INC	3/21/2024	4/15/2027	2,085,363.00	2,110,290.00	4.35
UNITEDHEALTH GROUP INC	7/25/2024	7/15/2026	603,983.60	608,502.95	4.31
UNITEDHEALTH GROUP INC	7/31/2024	5/15/2029	3,411,485.00	3,430,455.00	4.52
US BANCORP	8/13/2024	7/22/2028	1,501,755.40	1,506,353.35	4.65

DESCRIPTION	SETTLE DATE	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
US BANCORP	9/3/2024	1/27/2028	3,769,259.00	3,808,103.80	4.60
US BANK NA	10/22/2024	10/22/2027	1,935,000.00	1,932,639.30	4.58
USAA CAPITAL CORP	6/3/2024	6/1/2027	2,213,584.20	2,265,332.40	4.29
VOLKSWAGEN GROUP OF AMERICA FINANCE LLC	8/15/2024	8/14/2026	1,406,109.95	1,404,776.60	4.91
VOLKSWAGEN GROUP OF AMERICA FINANCE LLC	8/15/2024	8/14/2026	4,504,763.70	4,509,459.95	4.83
WALMART INC	9/9/2022	9/9/2025	1,274,107.50	1,271,340.75	4.45
WASTE MANAGEMENT INC	7/3/2024	7/3/2027	2,561,896.35	2,601,679.50	4.28
WASTE MANAGEMENT INC	11/4/2024	3/15/2028	3,826,447.95	3,850,340.00	4.36
WASTE MANAGEMENT INC	11/4/2024	3/15/2028	1,606,409.70	1,614,602.99	4.40
WELLS FARGO & CO	4/25/2022	4/25/2026	1,850,000.00	1,847,706.00	4.64
WELLS FARGO & CO	8/15/2022	8/15/2026	1,360,000.00	1,358,952.80	4.70
WELLS FARGO & CO WELLS FARGO & CO	3/30/2023 4/22/2024	4/22/2026 4/22/2028	2,046,240.00 995,000.00	2,139,678.00	4.46 4.70
WELLS FARGO & CO	8/13/2024	6/17/2027	1,323,053.55	1,015,208.45 1,341,653.04	4.70
WELLS FARGO & CO	1/24/2025	1/24/2028	6,275,000.00	6,306,626.00	4.62
WELLS FARGO BANK NA	8/9/2023	8/7/2026	534,957.20	542,634.45	4.36
WELLS FARGO BANK NA	12/11/2023	12/11/2026	4,100,000.00	4,161,787.00	4.32
WELLS FARGO BANK NA	8/13/2024	8/7/2026	946,572.60	942,996.75	4.38
WISCONSIN PUBLIC SERVICE CORP	12/6/2024	12/1/2029	424,664.25	425,093.50	4.54
SUB-TOTAL		-	524,106,509	528,474,653	
MORTGAGE AND ASSET-BACK SECURITIES AESOP 212 A	1/22/2024	2/20/2028	702,027	737,560	4.56
AESOP 212 A AESOP 212 A	3/15/2024	2/20/2028	910,508	951,690	4.56
AESOP 221 A	5/16/2024	8/21/2028	1,906,563	1,967,240	4.65
AESOP 221 A	7/17/2024	8/21/2028	1,906,492	1,942,650	4.65
AESOP 221 A	8/15/2024	8/21/2028	1,756,125	1,768,874	4.69
AESOP 232 A	6/7/2024	10/20/2027	746,338	756,593	4.63
AESOP 242 A	8/20/2024	10/20/2028	575,611	576,366	4.70
AESOP 242 A	9/27/2024	10/20/2028	727,736	722,985	4.70
ALLYA 2022-1 A3	5/18/2022	11/16/2026	678,179	676,262	4.39
ALLYA 2022-2 A3	10/12/2022	5/17/2027	576,087	576,440	4.74
ALLYA 2023-1 A3	7/19/2023	5/15/2028	1,619,724	1,634,726	4.65
ALLYA 2024-2 A3	9/27/2024	7/16/2029	974,899	971,987	4.36
AMCAR 2023-2 A3	9/20/2023	5/18/2028	4,599,241	4,659,984	4.62
AMCAR 2024-1 A3	5/29/2024	1/18/2029	1,199,889	1,214,112	2.86
AMXCA 2022-2 A	5/24/2022	5/17/2027	6,908,472	6,895,351	4.43
AMXCA 2023-1 A	6/14/2023	5/15/2028	1,339,881	1,348,710	4.36
AMXCA 2023-1 A	7/31/2024	5/15/2028	3,752,930	3,774,375	4.36
AMXCA 2023-1 A AMXCA 2023-3 A	8/30/2024 7/5/2024	5/15/2028 9/15/2028	1,007,031	1,006,028	4.40 4.28
AMXCA 2023-3 A AMXCA 2024-1 A	4/23/2024	4/16/2029	1,831,131 5,218,930	1,851,846 5,322,938	4.20
AMXCA 2024-1 A	12/26/2024	4/16/2029	1,671,656	1,677,710	4.44
AMXCA 2024-1 A	10/11/2024	7/16/2029	1,614,500	1,613,320	4.32
AMXCA 2025-1 A	2/11/2025	12/17/2029	949,789	956,755	4.33
BAAT 2024-1 A3	5/22/2024	11/15/2028	549,910	557,007	4.61
BAAT 231 A3	7/31/2023	2/15/2028	1,079,959	1,089,526	4.66
BAAT 232 A3	11/21/2023	6/15/2028	1,299,976	1,317,082	4.76
BACCT 2023-1 A	6/16/2023	5/15/2028	914,793	920,188	4.35
BACCT 2023-2 A	12/14/2023	11/15/2028	1,334,821	1,350,366	4.32
BACCT 2023-2 A	7/5/2024	11/15/2028	1,795,579	1,818,695	4.32
BACCT 2024-1 A	6/13/2024	5/15/2029	2,544,857	2,581,572	4.30
BACCT 2024-1 A	7/5/2024	5/15/2029	399,859	405,748	4.30
BMWLT 2024-2 A3	10/7/2024	10/25/2027	3,349,690	3,342,429	4.40
BMWOT 2022-A A3	5/18/2022	8/25/2026	732,299	729,862	4.41
BMWOT 2023-A A3 BMWOT 2024-A A3	7/18/2023	2/25/2028	779,862	785,663	4.70
BMWOT 2024-A A3 BMWOT 2025-A A3	6/11/2024 2/12/2025	2/26/2029 9/25/2029	3,864,413 864,915	3,911,612 869,585	4.56 4.39
				208,300	
CARMX 2021-3 A3 CARMX 2022-2 A3	7/28/2021 4/28/2022	6/15/2026 2/16/2027	209,210 638,968	636,432	4.10 4.66
CARMX 2022-2 A3	7/20/2022	4/15/2027	1,301,921	1,297,734	4.68
CARMX 2022-4 A3	10/31/2022	8/16/2027	1,946,869	1,955,660	4.75
CARMX 2023-2 A3	4/26/2023	1/18/2028	2,799,702	2,811,900	4.63
CARMX 2023-3 A3	7/26/2023	5/15/2028	3,199,963	3,225,984	4.62
CARMX 2023-4 A3	10/18/2023	7/17/2028	599,882	610,788	4.69
CARMX 2024-1 A3	1/24/2024	10/16/2028	8,234,370	8,298,162	4.49
CARMX 2024-2 A3	4/24/2024	1/16/2029	1,999,930	2,032,020	4.65
CARMX 2024-2 A3	5/20/2024	1/16/2029	367,666	370,844	4.65
CARMX 2024-3 A3	7/30/2024	7/16/2029	5,699,743	5,751,756	4.52
CARMX 2024-4 A3	11/5/2024	10/15/2029	1,099,794	1,104,785	4.47
CCCIT 2023-A1 A1	12/11/2023	12/8/2027	584,927	588,574	4.41
CHAIT 2023-1 A CHAIT 2023-1 A	9/15/2023 9/22/2023	9/15/2028 9/15/2028	6,538,187 4,608,379	6,627,636 4,686,975	4.32
CHAIT 2023-1 A CHAIT 2023-1 A	9/22/2023 8/28/2024	9/15/2028	4,608,379 1,627,938	4,686,975 1,620,602	4.32 4.35
CHAIT 2023-1 A CHAIT 241 A	1/31/2024	1/16/2029	3,259,504	3,280,440	4.30
CHACT 245 A3	9/24/2024	8/27/2029	944,901	941,607	4.50
CMXS 2024-A A3	6/26/2024	11/15/2028	2,279,966	2,309,389	4.64
COMET 2023-1 A	12/20/2023	5/15/2028	3,470,195	3,504,340	4.35
COMET 2024-1 A	9/24/2024	9/17/2029	4,693,576	4,658,661	4.28
COMET 2024-1 A	9/24/2024	9/17/2029	2,498,242	2,478,500	4.32
COPAR 2021-1 A3	10/27/2021	9/15/2026	173,350	172,161	4.01
COPAR 2022-1 A3	5/4/2022	4/15/2027	653,651	649,473	4.49
COPAR 2022-2 A3	8/10/2022	5/17/2027	849,520	845,409	4.54
CRVNA 23P2 A3	5/31/2023	4/10/2028	1,852,801	1,877,404	4.67
DLLAA 251 A3	1/22/2025	10/20/2029	1,319,876	1,338,889	4.40

DESCRIPTION	SETTLE DATE	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
DLLAA 251 A3	1/22/2025	10/20/2029	549,948	556,147	4.53
EFF 244 A3	10/16/2024	11/20/2028	7,829,054	7,851,533	4.51
FITAT 2023-1 A3	8/23/2023	8/15/2028	2,649,836	2,676,394	4.74
FORDF 2024-1 A1	5/10/2024	4/15/2029	2,599,488	2,646,228	4.46
FORDF 2024-1 A1 FORDF 231 B	1/30/2025	4/15/2029	1,268,164	1,272,225	4.46
FORDF 243 A1	8/14/2023 10/8/2024	5/15/2028 9/17/2029	568,621 5,849,468	579,163 5,834,030	4.76 4.47
FORDO 2022-A A3	1/24/2022	6/15/2026	97,064	96,657	4.47
FORDO 2022-B A3	6/27/2022	9/15/2026	225,867	225,529	4.44
FORDO 2023-B A3	6/26/2023	5/15/2028	1,434,981	1,445,992	4.57
FORDO 2024-B A3	6/24/2024	4/15/2029	3,264,970	3,308,980	4.44
FORDO 2024-C A3	9/20/2024	7/15/2029	1,524,990	1,518,824	4.31
GALC 2022-1 A3	10/12/2022	9/15/2026	2,714,087	2,721,124	4.64
GALC 241 A3	1/31/2024	1/18/2028	2,799,516	2,825,872	4.36
GFORT 231 A1	6/28/2023 10/24/2023	6/15/2028	1,299,682	1,314,300	4.53
GFORT 231 A1 GMALT 2024-1 A3	2/15/2023	6/15/2028 3/22/2027	1,975,703 1,714,786	2,022,000 1,724,192	4.53 4.50
GMALT 2024-3 A3	10/2/2024	10/20/2027	439,948	438,508	4.53
GMCAR 2021-4 A3	10/21/2021	9/16/2026	289,199	287,384	4.06
GMCAR 2022-1 A3	1/19/2022	11/16/2026	396,967	394,464	4.24
GMCAR 2022-2 A3	4/13/2022	2/16/2027	449,009	446,768	4.49
GMCAR 2022-3 A3	7/13/2022	4/16/2027	743,936	741,501	4.50
GMCAR 2023-2 A3	4/12/2023	2/16/2028	629,644	629,321	4.61
GMCAR 2023-4 A3	10/11/2023	8/16/2028	939,807	955,078	4.62
GMCAR 2024-1 A3 GMCAR 2024-2 A3	1/17/2024 4/10/2024	12/18/2028	764,846	770,087	4.47
GMCAR 2024-2 A3 GMCAR 2024-3 A3	7/10/2024	3/16/2029 4/16/2029	1,269,754 1,894,708	1,284,402 1,920,393	4.47 4.47
GMCAR 2024-3 A3 GMCAR 2024-4 A3	10/16/2024	8/16/2029	2,639,492	2,646,468	4.47
GMCAR 2025-1 A3	1/15/2025	12/17/2029	2,964,780	2,985,577	4.34
HALST 2024-B A3	5/22/2024	5/17/2027	1,964,945	1,987,028	4.40
HALST 24A A3	1/24/2024	3/15/2027	1,794,660	1,803,760	4.62
HALST 25A A3	1/22/2025	1/18/2028	809,939	817,079	4.36
HAROT 2021-4 A3	11/24/2021	1/21/2026	239,587	238,492	4.48
HAROT 2022-1 A3	2/23/2022	5/15/2026	244,726	243,240	4.54
HAROT 2022-2 A3	8/24/2022	7/20/2026	653,078	651,379	4.57
HAROT 2023-4 A3 HAROT 2024-3 A3	11/8/2023 8/21/2024	6/21/2028 3/21/2029	599,894 5,224,179	608,490 5,248,460	4.65 4.39
HART 2021-C A3	11/17/2021	5/15/2026	19,928	5,248,400 19,905	4.39 3.76
HART 2022-B A3	7/20/2022	11/16/2026	597,107	595,681	4.52
HART 2022-C A3	11/9/2022	6/15/2027	4,525,115	4,544,550	4.73
HART 2024-C A3	10/16/2024	5/15/2029	1,794,869	1,798,500	4.37
HDMOT 2022-A A3	4/20/2022	2/16/2027	562,401	560,492	4.56
HDMOT 2023-A A3	2/23/2023	12/15/2027	1,347,334	1,351,971	4.64
HUNT 241 A3	2/22/2024	1/16/2029	4,224,843	4,268,222	4.69
JDOT 2022 A3	3/16/2022	9/15/2026	427,987	425,184	4.61
JDOT 2024 A3	3/19/2024	11/15/2028	1,254,930	1,266,170	4.45
KCOT 2022-1 A3 KCOT 2023-1 A3	3/23/2022 3/31/2023	10/15/2026 6/15/2027	1,059,001 6,743,944	1,051,473 6,777,039	4.68 4.49
KCOT 2024-2 A2	6/25/2024	4/15/2027	899,898	905,598	4.43
KCOT 222 A3	7/21/2022	12/15/2026	1,336,710	1,334,147	4.66
KCOT 232 A3	7/26/2023	1/18/2028	3,029,235	3,062,785	4.48
KCOT 241 A3	2/21/2024	7/17/2028	4,039,842	4,098,701	4.46
KCOT 251 A2	2/19/2025	12/15/2027	899,888	902,583	4.69
LADAR 243 A3	10/29/2024	3/15/2029	624,973	626,269	4.46
MBALT 2024-A A3	5/23/2024	1/18/2028	1,319,846	1,338,071	4.36
MBALT 2024-B A3	9/25/2024	2/15/2028	2,149,638	2,146,001	4.43
MBART 2022-1 A3	11/22/2022	8/16/2027	2,307,693	2,318,051	4.64
MBART 2023-1 A3 MBART 2025-1 A3	1/25/2023 1/23/2025	11/15/2027 12/17/2029	510,444 2,659,434	510,664 2,689,233	4.54 4.39
NALT 2025-A B	1/22/2025	2/15/2029	1,104,975	1,114,370	4.39
NALT 2025-A B	1/22/2025	2/15/2029	464,990	468,582	4.76
NAROT 2022-B A3	9/28/2022	5/17/2027	968,122	968,100	4.57
NAROT 2023-A A3	4/26/2023	11/15/2027	3,197,877	3,206,214	4.68
NAROT 2023-B A3	10/25/2023	3/15/2028	2,799,432	2,839,844	4.70
NAROT 2024-A A3	5/22/2024	12/15/2028	2,629,754	2,664,269	4.22
NAVMT 231 A	9/20/2023	8/25/2028	1,199,829	1,208,100	4.89
NAVMT 241 A	5/23/2024	4/25/2029	2,514,663	2,543,017	4.67
NFMOT 241 A2 NFMOT 242 A2	9/19/2024 10/10/2024	3/15/2029 9/17/2029	1,429,094 1,954,518	1,419,459 1,955,039	4.46 4.47
NFMOT 242 A2	11/27/2024	9/17/2029	1,159,900	1,170,023	4.47
NMOTR 24B A	3/20/2024	2/15/2029	1,699,887	1,717,952	4.54
NMOTR 24B A	10/25/2024	2/15/2029	1,593,211	1,595,743	4.40
ODART 2021-1 B	10/31/2023	7/14/2028	798,188	875,457	3.58
PFSFC 24B A	4/15/2024	2/15/2029	616,797	630,569	4.53
PFSFC 24B A	9/20/2024	2/15/2029	1,526,602	1,511,960	4.58
PILOT 241 A3	8/21/2024	11/22/2027	749,918	752,888	4.84
SBAT 24A A3	3/28/2024	12/15/2028	4,199,391	4,220,370	4.82
SDART 2023-3 A3	7/26/2023	10/15/2027	945,580	948,401	4.79
TAOT 2021-D A3 TAOT 2022-B A3	11/15/2021 4/13/2022	4/15/2026 9/15/2026	117,353 439,438	116,857 437,396	4.58 4.46
TAOT 2022-B AS TAOT 2022-C A3	8/16/2022	4/15/2027	439,438 515,307	437,396 513,290	4.40
TAOT 2022-D A3	11/8/2022	9/15/2027	3,944,796	3,966,884	4.59
TAOT 2023-A A3	1/30/2023	9/15/2027	651,197	651,647	4.61
ТАОТ 2023-В АЗ	5/23/2023	2/15/2028	1,894,894	1,900,533	4.46

DESCRIPTION	SETTLE DATE	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
TAOT 2023-D A3	11/14/2023	8/15/2028	1,959,789	1,990,733	4.51
TAOT 2023-D A3	3/13/2024	8/15/2028	425,513	426,586	4.51
TAOT 25A A3	1/29/2025	8/15/2029	4,774,809	4,813,439	4.35
TLOT 2024-B A3	9/17/2024	9/20/2027	1,059,876	1,056,089	4.53
TLOT 2025-A A3	2/26/2025	2/22/2028	2,099,972	2,100,000	4.75
TLOT 2025-A A4	2/26/2025	6/20/2029	1,199,960	1,199,960	4.81
TMUST 2024-2 A	10/9/2024	5/21/2029	5,338,980	5,329,747	4.41
USAOT 2024-A A3	7/30/2024	3/15/2029	814,847	823,509	4.51
VALET 2021-1 A3	12/13/2021	6/22/2026	64,462	64,300	5.02
VALET 2024-1 A3	11/26/2024	7/20/2029	569,946	574,001	4.38
VWALT 2024-A A3	3/27/2024	6/21/2027	4,799,598	4,848,864	4.40
VZMT 2024-4 B	6/28/2024	6/20/2029	779,875	787,543	4.70
WFCIT 2024-1 A WFCIT 2024-1 A	5/20/2024 6/27/2024	2/15/2029 2/15/2029	4,490,859 2,455,964	4,559,265 2,492,398	4.28 4.28
WFCIT 2024-1 A	8/16/2024	2/15/2029	2,680,915	2,681,166	4.20
WFCIT 2024-2 A	10/24/2024	10/15/2029	1,534,772	1,535,428	4.29
WFCIT 2024-2 A	10/24/2024	10/15/2029	5,744,146	5,749,883	4.29
WFLOOR 241 A1	2/29/2024	2/15/2028	999,872	1,008,250	4.99
WLAKE 2023-1 A3	1/20/2023	1/18/2028	817,522	818,445	4.73
WLAKE 2023-2 A3	3/15/2023	2/16/2027	2,280,102	2,285,044	4.78
WOART 2021-D A3	11/3/2021	10/15/2026	161,964	161,222	4.13
WOLS 2024-A A3	4/17/2024	10/15/2027	799,932	809,776	4.36
SUB-TOTAL			316,761,469	318,989,227	
<u>Municipal Debt</u>					
ALABAMA FED AID HWY FIN AUTH SPL OBLIG REV	9/6/2022	9/1/2027	1,349,172	1,411,299	4.19
ALABAMA FED AID HWY FIN AUTH SPL OBLIG REV	9/20/2024	9/1/2028	1,107,888	1,102,932	4.23
BURBANK GLENDALE PASADENA ARPT AUTH CALIF ARPT REV	5/30/2024	7/1/2028	1,500,000	1,535,715	4.35
CALIFORNIA ST PUB WKS BRD LEASE REV	11/8/2023	11/1/2026	1,600,000	1,630,176	4.36
CALIFORNIA ST PUB WKS BRD LEASE REV	4/11/2024	4/1/2027	1,510,000	1,527,018	4.35
CALIFORNIA ST PUB WKS BRD LEASE REV CALIFORNIA STATE	4/11/2024	4/1/2026	1,135,000	1,142,457	4.37
CORONA	11/5/2024 10/3/2024	8/1/2029 5/1/2027	1,713,985 1,613,220	1,721,351 1.611.225	4.26 4.36
CORONA	10/3/2024	5/1/2027	1,873,417	1,878,208	4.18
FLORIDA ST BRD ADMIN FIN CORP REV	9/16/2020	7/1/2025	1,025,000	1,014,586	4.27
GOLDEN ST TOB SECURITIZATION CORP CALIF TOB SETTLE	10/7/2021	6/1/2025	2,120,000	2,104,948	4.16
KANSAS ST DEV FIN AUTH REV	11/22/2024	4/15/2029	1,318,473	1,334,893	4.29
LOS ANGELES CALIF CMNTY COLLEGE DIST	6/5/2024	8/1/2026	2,170,000	2,183,931	4.51
LOS ANGELES CALIF CMNTY COLLEGE DIST	2/14/2025	8/1/2029	829,336	831,602	5.00
LOS ANGELES CALIF DEPT ARPTS ARPT REV	9/25/2024	5/15/2029	821,894	820,690	4.21
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	3/4/2021	11/1/2025	1,600,000	1,559,200	4.83
MASSACHUSETTS (COMMONWEALTH OF)	5/1/2024 6/26/2023	7/15/2027	764,544	784,641	4.26
MASSACHUSETTS COMMONWEALTH NEW JERSEY ST TRANSN TR FD AUTH	10/24/2024	11/1/2026 6/15/2026	431,068 2,210,000	460,784 2,217,823	4.10 4.32
NEW YORK ST URBAN DEV CORP REV	9/25/2024	3/15/2029	525,642	520,582	4.32
PENNSYLVANIA ECONOMIC DEV FING AUTH REV	2/26/2025	6/1/2029	1,500,000.00	1,517,205.00	4.42
PENNSYLVANIA ECONOMIC DEV FING AUTH REV	2/26/2025	6/1/2028	455,000.00	459,117.75	4.42
PENNSYLVANIA ECONOMIC DEV FING AUTH REV	2/26/2025	6/1/2027	540,000.00	543,067.20	4.34
PORT OAKLAND CALIF REV	9/25/2024	5/1/2029	1,284,425.72	1,272,131.97	4.39
REDONDO BEACH CALIF CMNTY FING AUTH LEASE REV	7/15/2021	5/1/2026	1,495,000.00	1,444,917.50	4.27
SACRAMENTO CALIF WTR REV	9/20/2024	9/1/2026	144,307.50	145,276.50	4.13
SAN DIEGO CALIF UNI SCH DIST	9/19/2024	7/1/2029	790,000.00	781,088.80	4.13
SAN FRANCISCO (CITY & COUNTY) PUBLIC UTILITIES COM	7/31/2024	10/1/2027	4,230,000.00	4,271,073.30	4.24
SAN FRANCISCO (CITY & COUNTY) PUBLIC UTILITIES COM	10/4/2024	10/1/2027	499,937.20	495,086.20	4.21
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	9/19/2024	5/1/2029	933,320.00	925,230.00	4.32
WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	2/16/2023	5/1/2026	1,240,000.00	1,241,227.60	4.27
WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	5/17/2023	5/1/2027	841,262.50	836,210.75	4.26
WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	5/17/2023	5/1/2027	2,276,950.00	2,265,288.40	4.21
SUB-TOTAL			43,448,841	43,590,982	·· <b>-</b> ·
Supranationals			. 3, 440, 041	.5,000,002	
INTER-AMERICAN DEVELOPMENT BANK	6/25/2024	5/15/2026	5,069,553	5,121,165	4.14
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	9/27/2024	9/21/2029	2,003,800	1,960,460	4.11
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	10/16/2024	10/16/2029	1,481,124	1,470,581	4.10
INTERNATIONAL FINANCE CORP	12/6/2023	1/15/2027	4,938,847	4,980,221	4.09
SUB-TOTAL			13,493,324	13,532,427	
MANAGED PORTFOLIO - TOTAL			\$ 2,182,381,153	\$ 2,201,938,216	
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DEBT SERVICE RESERVE FUNDS					
DESCRIPTION	SETTLE DATE	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
91 EXPRESS LANES 2023 BONDS (US Bank DSF/DSRF)					
FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND	N/A	N/A	5,332,959	5,332,959	3.98
91 EXPRESS LANES 2023 BONDS - OPERATING & MAINTENANCE RESERVES					
BMO HARRIS BANK NCD	7/10/2024	4/4/2025	5,000,000	5,000,000	5.26
BMO HARRIS BANK NCD	10/10/2024	7/7/2025	3,000,000	3,000,000	4.45
DEBT SERVICE RESERVE FUNDS - TOTAL			\$ 13,332,959	\$ 13,332,959	
TOTAL PORTFOLIO			Book Value \$ 2,904,069,975	Market Value \$ 2,924,273,444	



April 23, 202	25
То:	Finance and Administration Committee
From:	Darrell E. Johnson, Chief Executive Officer
Subject:	Approval of the Fiscal Year 2025-26 Local Transportation Fund Claim for Laguna Beach Public Transportation Services

# Overview

The Laguna Beach Municipal Transit Lines, a department within the City of Laguna Beach, is eligible to receive funding from the Local Transportation Fund in Orange County for providing public transportation services throughout the city. To receive the funds, the Laguna Beach Municipal Transit Lines must file a claim against the Local Transportation Fund with the Orange County Transportation Authority.

#### Recommendations

- A. Approve the Laguna Beach Municipal Transit Lines Fiscal Year 2025-26 Local Transportation Fund Claim for public transportation services in the amount of \$1,495,895.
- B. Authorize the Chief Executive Officer of the Orange County Transportation Authority to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the amount of the claim.

# Background

The Transportation Development Act (TDA) of 1971 established a funding source dedicated to public transit and non-transit-related projects. The TDA created a Local Transportation Fund (LTF) for transportation purposes specified in the TDA in each county in California. Revenues are derived from one-quarter cent of the current retail sales tax. The LTF revenues are collected by the California Department of Tax and Fee Administration and returned to the local jurisdictions based on the volume of sales during each month.

# Approval of the Fiscal Year 2025-26 Local Transportation Fund Page 2 Claim for Laguna Beach Public Transportation Services

As required by the TDA in Orange County, the LTF receipts are deposited in the Orange County LTF account (Fund 182) in the Orange County Treasury and are administered by the Orange County Auditor-Controller (OCAC).

In Orange County, the Orange County Transportation Authority (OCTA) is the Transportation Planning Agency (TPA) responsible for the allocation of the LTF within its jurisdiction. Upon instructions from OCTA, LTF receipts are distributed by the OCAC among the various administrative, planning, and public transportation apportionments as specified in the TDA.

The Orange County Transit District and the Laguna Beach Municipal Transit Lines (LBMTL) are the only public transit operators in Orange County eligible to receive allocations from the LTF. Article 4 of TDA Section 6630 of the California Code of Regulations requires the City of Laguna Beach (City) to file a claim with OCTA to receive an allocation from the LTF for providing public transportation throughout the City.

# Discussion

On February 24, 2025, the OCTA Board of Directors approved the LTF fiscal year (FY) 2025-26 apportionments. The total apportionment approved for the LBMTL equaled \$1,495,895.

On March 25, 2025, the Laguna Beach City Council adopted a resolution authorizing the filing of an LTF claim with OCTA for public transportation services. The City submitted its FY 2025-26 LTF claim in the amount of \$1,495,895, that will be used by the LBMTL to meet FY 2025-26 operating expenses. OCTA, as the TPA for Orange County, is authorized to approve LTF claims and make payments from the LTF through written instructions to the OCAC.

#### Summary

OCTA's approval of the City claim against the Orange County LTF in the amount of \$1,495,895, will enable the LBMTL to continue providing public transportation services throughout the City during FY 2025-26.

### Approval of the Fiscal Year 2025-26 Local Transportation Fund *Page 3* Claim for Laguna Beach Public Transportation Services

#### Attachment

None.

Prepared by:

Sam Kaur Department Manager, Revenue and Grants Administration (714) 560-5889

Approved by:

Andrew Oftelie Chief Financial Officer, Finance and Administration (714) 560-5649



April 23, 20	25 MIL
То:	Finance and Administration Committee
From:	Darrell E. Johnson, Chief Executive Officer
Subject:	Approval of the Fiscal Year 2025-26 Local Transportation Fund Claim for Public Transportation and Community Transit Services

#### Overview

The Orange County Transit District is eligible to receive funding from the Local Transportation Fund for providing public transportation and community transit services throughout Orange County. To receive the funds, the Orange County Transit District must file a claim against the Local Transportation Fund with the Orange County Transportation Authority.

#### Recommendations

- A. Approve the Orange County Transit District Fiscal Year 2025-26 Local Transportation Fund Claim for public transportation services in the amount of \$208,460,790, and for community transit services in the amount of \$11,050,352 for a total claim amount of \$219,511,142.
- B. Authorize the Chief Executive Officer to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the full amount of the claims.

# Background

The Transportation Development Act (TDA) of 1971 established a funding source dedicated to public transit and non-transit related projects. The TDA created a Local Transportation Fund (LTF) in each county for transportation purposes specified in the TDA. Revenues are derived from one quarter cent of the current retail sales tax.

The LTF revenues are collected by the California Department of Tax and Fee Administration and returned to local jurisdictions based on the volume of sales during each month. As required by the TDA, LTF receipts are deposited with the

# Approval of the Fiscal Year 2025-26 Local Transportation Fund *Page 2* Claim for Public Transportation and Community Transit Services

Orange County Treasury (Fund 182) and are administered by the Orange County Auditor-Controller (OCAC). The Orange County Transportation Authority (OCTA) is the Transportation Planning Agency (TPA) responsible for the allocation of the LTF. Upon instructions from OCTA, LTF receipts are disbursed by the OCAC among the various administrative, planning, and public transportation apportionments as specified in the TDA.

In Orange County, OCTA has designated the Orange County Transit District (OCTD) as the public transportation services operator and the Consolidated Transportation Services Agency. Therefore, OCTD is the claimant for Article 4 and 4.5 funds. Section 6630 of the California Code of Regulations requires OCTD to file a claim with OCTA to receive an allocation from the LTF for providing public transportation and community transit services under Articles 4 and 4.5 of the TDA.

# Discussion

On February 24, 2025, the OCTA Board of Directors (Board) approved the LTF fiscal year (FY) 2025-26 apportionments. A total of \$219,511,142 was approved for OCTD, consisting of \$208,460,790 for Article 4 public transit services and \$11,050,352 for Article 4.5 community transit services. Public transit services provide support to the public transportation system and aid to public transportation research and demonstration projects, while community transit services are services for those, such as the disabled, who cannot use conventional transit services.

On February 24, 2025, the OCTD Board also adopted a resolution authorizing the filing of the LTF claim for a total of \$219,511,142 for funding public transportation and community transit services for FY 2025-26. OCTA, as the TPA for Orange County, is authorized to approve LTF claims and make payments from the LTF to OCTD as the consolidation transportation service agency for Orange County.

#### Summary

OCTA's approval of the OCTD claim against the LTF in the amount of \$219,511,142, will enable the OCTD to continue providing public transportation and community transit services throughout Orange County in FY 2025-26.

# Approval of the Fiscal Year 2025-26 Local Transportation Fund *Page 3* Claim for Public Transportation and Community Transit Services

#### Attachment

None.

#### Prepared by:

Sam Kaur Department Manager Revenue and Grants Administration (714) 560-5889 Approved by:

Andrew Oftelie Chief Financial Officer Finance and Administration (714) 560-5649



April 23, 2025

То:	Finance and Administration Committee
From:	Darrell E. Johnson, Chief Executive Officer
	Janet Sutter, Executive Director
Subject:	Orange County Local Transportation Authority Measure Agreed-Upon Procedures Reports, Year Ended June 30, 2024

M2

# Overview

Crowe LLP, an independent accounting firm, has applied agreed-upon procedures related to Measure M2 Local Fair Share funds provided to nine cities and the County of Orange, and Senior Mobility Program funds provided to five cities, for the fiscal year ended June 30, 2024. Local Fair Share program reports include observations of disallowed Local Fair Share and maintenance of effort expenditures, expenditure report errors, an incomplete Capital Improvement Program report, and expenditure reports lacking project detail. Senior Mobility Program reports included observations relating to expenditure report errors, late submission of a monthly report, and overcharging for administrative costs.

#### Recommendations

- A. Direct staff to monitor implementation of corrective actions by cities.
- B. Direct staff to review with legal counsel the results of agreed-upon procedures applied to the City of Huntington Beach and develop recommendations for Board of Directors' consideration to address the exception related to disallowed Local Fair Share expenditures.
- C. Direct staff to follow up with the City of Mission Viejo to obtain a revised Measure M2 Expenditure Report, evaluate whether administrative costs related to the Senior Mobility Program exceeded the ten percent threshold, and, if applicable, recover the overage.

D. Direct staff to consult with legal counsel, develop guidelines for allowable uses of Local Fair Share funds for "other transportation purposes" and provide communication to cities.

## Background

Annually, the Audit Subcommittee (Subcommittee) of the Taxpayer Oversight Committee selects a sample of local jurisdictions receiving Measure M2 (M2) funding for review to determine the local jurisdictions' level of compliance with provisions of the M2 Ordinance. For the fiscal year (FY) ended June 30, 2024, the Subcommittee selected eight cities and the County of Orange for review of Local Fair Share (LFS) program funding and five cities for review of Senior Mobility Program (SMP) funding. The agreed-upon procedures (AUP) applied for these reviews were originally 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 investments, each jurisdiction is required to maintain a minimum level of local streets and roads expenditures to conform to a defined maintenance of effort (MOE) requirement. MOE expenditures are required to conform to State Controller's Office Gas Tax guidelines. Cities are required to submit copies of their Seven-Year Capital Improvement Plan, reflecting projects that will be funded with LFS.

The SMP is a formula-based allocation provided to eligible, participating jurisdictions for local community transportation services that best meet the needs of their senior communities. M2 revenues provide 80 percent of the program cost, 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 the Orange County Local Transportation Authority (OCLTA) to outline requirements of the program and to describe services to be provided. Cities are required to submit monthly SMP activity reports within 30 days of month 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 AUPs, 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.

Agreed-Upon Procedures: LFS Program Funds

The auditors examined the cities of Garden Grove, Huntington Beach, La Habra, Laguna Hills, Mission Viejo, San Clemente, Seal Beach, Westminster, and the County of Orange. No exceptions resulted from the AUPs applied to La Habra, Laguna Hills, and the County of Orange.

The auditors identified one or more reporting errors on the expenditure reports submitted by six cities.

The auditors identified unallowable charges to the MOE at one city, and two cities lacked adequate documentation to support indirect costs allocated to MOE. Without sufficient documentation of a reasonable methodology used to support the indirect charges, the auditors were unable to determine that the allocation of these costs was fair and equitable, as required. After removing these costs from the cities' MOE, the cities continued to meet the minimum MOE requirement.

The auditors noted that the expenditure reports submitted by two cities included generic project titles that could not be readily traced to projects listed in their Capital Improvement Program (CIP) reports. The Ordinance requires the CIP report to include all projects funded by M2. In addition, the auditors identified LFS expenditures by one city for a project not listed in their CIP report.

The auditors identified \$29,249 in LFS expenditures by the City of Huntington Beach (Huntington Beach) that were not allowable per the Ordinance. Huntington Beach acknowledged the error and indicated that the amount would be refunded.

Use of LFS funds as a Match to Project V Grants

In the report for the City of Mission Viejo (Mission Viejo), auditors identified LFS expenditures for a bus operations project in the amount of \$32,503 to fund operations of a local shuttle service that is jointly funded with the M2 Project V grant program. Mission Viejo uses LFS funds to provide the ten percent local match required under the Project V program. The Ordinance states that LFS

#### Orange County Local Transportation Authority Measure M2 Page 4 Agreed-Upon Procedures Reports, Year Ended June 30, 2024

funds may be used for "...other transportation purposes" and the Transportation Investment Plan, incorporated into the Ordinance, includes examples of "...other transportation needs such as residential street projects, traffic and pedestrian safety near schools, signal priority for emergency vehicles, etc." While the examples provided do not include transit operations, the M2 Comprehensive Transportation Funding Program (CTFP) guidelines issued at the time of the Project V award, defines LFS revenues as "non-OCTA resources". Current CTFP guidelines do not include this reference. Internal Audit is recommending staff be directed to consult with legal counsel and develop guidelines to better define allowable uses of LFS for "other transportation purposes".

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

Agreed-Upon Procedures: SMP Funds

The auditors examined the cities of Buena Park, Laguna Niguel, Laguna Woods, Mission Viejo, and San Juan Capistrano. No exceptions resulted from the AUPs applied to the City of Laguna Niguel.

The auditors identified errors in reporting SMP expenditures in the expenditure reports submitted by two cities. The auditors also identified two cities that did not submit one of four monthly SMP reports within 30 days of month end, as required.

The auditors also identified that the City of Mission Viejo (Mission Viejo) charged \$22,114 in administrative costs, approximately 11 percent of total SMP expenditures, which exceeded the threshold of ten percent allowed under M2 Project U Senior/Disabled Program Funding Policy guidelines. Mission Viejo responded that the expenditure report submitted contained errors. Internal Audit is recommending staff be directed to follow-up with Mission Viejo to obtain a revised M2 Expenditure Report, evaluate whether administrative costs related to the SMP exceeded the ten percent threshold, and, if applicable, recover the overage.

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

#### Summary

The auditors have issued results of agreed-upon procedures applied to M2 LFS and/or SMP funds provided to 12 cities and the County of Orange for the FY ended June 30, 2024.

#### Attachments

- A. Summary of Agreed-Upon Procedures Reports Orange County Local Transportation Authority Measure M2 Local Fair Share for the Year Ended June 30, 2024
- B. Orange County Local Transportation Authority Measure M2 Local Fair Share Agreed-Upon Procedures Reports Year Ended June 30, 2024
- C. Summary of Agreed-Upon Procedures Reports Orange County Local Transportation Authority Measure M2 Senior Mobility Program for the Year Ended June 30, 2024
- D. Orange County Local Transportation Authority Measure M2 Senior Mobility Program Agreed-Upon Procedures Reports Year Ended June 30, 2024

Approved 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, 2024

City	Result	City Management Response
City of Garden Grove (Garden Grove)	Garden Grove reported maintenance of effort (MOE) expenditures of \$18,362,299; however, actual MOE expenditures, per the general ledger, were \$18,338,943, a variance of \$23,356.	Management acknowledges the \$23,356 variance in MOE expenditures, which resulted from an Excel formula error. This clerical error did not impact compliance with the MOE benchmark. To prevent similar issues, management will enhance its review procedures.
	Testing identified \$11,233 in MOE expenditures that were reported as direct expenditures, rather than indirect expenditures.	Management acknowledges the charges were classified as direct MOE expenditures instead of indirect costs. Going forward, management will ensure that such charges are properly reported.
City of Huntington Beach (Huntington Beach)	Testing identified \$4,456,129 in MOE expenditures that were reported as direct expenditures, rather than indirect expenditures.	Management will evaluate its reporting methods and adopt measures to ensure MOE expenditures are properly classified in future reports.
	Testing identified \$78,490 in MOE expenditures that were reported as indirect expenditures, rather than direct expenditures.	Management will review its financial reporting processes methodology
	Testing identified \$10,229,622 in indirect MOE expenditures that were not supported by a documented methodology representing a fair and reasonable allocation of costs. After these allocated charges were removed from the MOE expenditures, Huntington Beach continued to meet its MOE benchmark.	used to allocate MOE costs and implement procedures to ensure that expenditures are correctly classified in future reports.
	Huntington Beach uses generic project titles on their expenditure report, making it difficult to trace these projects to projects as listed in their Capital Improvement Program (CIP) report.	Management will undertake a comprehensive review of its financial reporting protocols and establish enhanced internal controls to ensure th
	Testing identified \$29,249 in Local Fair Share (LFS) expenditures that were not properly classified or allowable per the Measure M2 (M2) Ordinance.	accurate classification of LFS expenditures in all subsequent financial reports. A journal entry in the amount of \$29,249 has been completed to refund the erroneously charged LFS funds.
	Testing identified \$1,466 in LFS expenditures that were reported as indirect expenditures, rather than direct expenditures.	Management will review its financial reporting processes and implement procedures to ensure LFS expenditures are correctly classified in future reports.
City of La Habra	None	
City of Laguna Hills	None	
City of Mission Viejo	Testing identified \$368,250 in MOE expenditures that were reported as indirect expenditures, rather than direct expenditures.	Going forward, directly identifiable payroll and contracted services expenditures associated with Measure M2 projects will be reported as direct costs.
	Testing identified \$31,591 in LFS expenditures that were reported as indirect expenditures, rather than direct expenditures.	Going forward, labor costs directly identifable as street and road project inspection costs will be reported as direct costs.
City of San Clemente (San Clemente)	Testing identified \$1,313,908 in MOE expenditures that were reported as indirect expenditures, rather than direct expenditures.	Management will allocate payroll charges to the appropriate direct cost line items in future expenditure reports.
	San Clemente uses generic project titles on their expenditure report, making it difficult to trace these projects to projects as listed in their CIP report.	Public Works is updating the CIP and, going forward, will include a listing of street projects that are funded by LFS that will also be included on the expenditure report.
	Testing identified \$20,718 in LFS expenditures that were reported as indirect expenditures, rather than direct expenditures.	Management concurs and will allocate payroll charges to the appropriate projects as direct cost line items in future expenditure reports.

#### SUMMARY OF AGREED-UPON PROCEDURES REPORTS Orange County Local Transportation Authority Measure M2 Local Fair Share for the Year Ended June 30, 2024

City	Result	City Management Response
City of Seal Beach (Seal Beach)	Testing identified \$124,658 in MOE expenditures that were reported as indirect expenditures, rather than direct expenditures.	
	Testing identified \$315 in indirect MOE expenditures for employee meals that were deemed unallowable. Testing also identified \$561,449 in indirect MOE expenditures that were not supported by a documented methodology representing a fair and reasonable allocation of costs. As such, these expenditures were removed from the MOE. After these expenditures were removed from the MOE expenditures to meet its MOE benchmark.	Seal Beach met the MOE benchmark and included both direct and indirect costs. However, the indirect costs were allocated without a formal cost allocation plan. Seal Beach will exclude these costs until a written cost allocation plan is in place. Management will also implement procedures to properly report noted expenses going forward.
,	Testing identified \$63,951 in MOE expenditures that were reported as indirect expenditures, rather than direct expenditures.	Management will verify expenditures are properly classified as indirect or direct on the expenditure report in the current and future years.
	Testing identified five LFS expenditures totaling \$126,791 related to City Street Sweeping, which was not listed as a project in Westminster's CIP.	Management will update the CIP to include the Citywide Street Sweeping Project as a part of the reporting process that will be presented to the Westminster City Council in June 2025.
	Westminster reported \$81,395 in interest on its expenditure report, which did not agree to actual interest earned of \$81,401, a variance of \$6. We recomputed interest based on the interest allocation methodology without exception.	The variance of \$6 will be allocated to the M2 LFS fund in the current year.
County of Orange	None	

ATTACHMENT B

#### ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

#### MEASURE M2 LOCAL FAIR SHARE

#### AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2024

#### ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

#### MEASURE M2 LOCAL FAIR SHARE

#### AGREED-UPON PROCEDURES REPORTS

#### Year Ended June 30, 2024

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, 2024. Please refer to the individual divider tab for our report on each Agency.

Garden Grove

Huntington Beach

La Habra

Laguna Hills

**Mission Viejo** 

**Orange County** 

San Clemente

Seal Beach

Westminster



Crowe LLP Independent Member Crowe Global

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

Board of Directors Orange County Local Transportation Authority and the Taxpayers Oversight Committee of the Orange County Local Transportation Authority 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 Garden Grove's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2024. 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 evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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 (Maintenance of Effort) MOE expenditures in its general ledger.

<u>Findings</u>: The MOE expenditures were tracked in the City's general ledger by fund, organization key, and account code. The City records its MOE expenditures in its General Fund (111) and is identified by a 7-digit organization number, and 5-digit account number. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2024 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2023/2024. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

<u>Findings</u>: The City's MOE expenditures for the fiscal year ended June 30, 2024, were \$18,362,299 (see Schedule A), which exceeded the MOE benchmark requirement of \$4,497,736. Actual MOE expenditures per the general ledger expenditure detail totaled \$18,338,943, a variance of \$23,356. The variance was due to an error from including two object codes twice. No other exceptions were found as a result of this 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.

<u>Findings</u>: We selected 25 direct MOE expenditures totaling \$9,944,830, which represented approximately 63% of direct MOE expenditures of \$15,810,822 for fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Expenditures were properly classified as local street and road expenditures and were allowable per the Ordinance, except for fleet maintenance charges, totaling \$11,233, which were found to be indirect cost allocations that should have been reported as indirect costs. See Procedure #4 for indirect cost testing. 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.

<u>Findings</u>: 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, 2024. We agreed \$2,551,477 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 \$582,329 representing 23% of the total MOE indirect costs. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. The indirect costs included Benefits Overhead, Insurance Charges, IT Charges, and Administrative Charges for the Public Works department. Upon inspecting the supporting documentation for the samples selected, we determined that the indirect MOE costs were properly classified as indirect expenditures and based upon a reasonable and appropriate methodology. 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, 2024 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 or within five years, if an extension was granted. Explain any differences.

<u>Findings</u>: The City received \$10,274,936 for the past three fiscal years ended June 30, 2022, 2023, and 2024. We agreed the fund balance of \$4,688,816 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, 2024. 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.

<u>Findings</u>: The LFS expenditures were tracked in the City's general ledger by fund number and organization key code. The City recorded its LFS expenditures in its Measure M2 Fair Share Fund (246) followed by 7-digit organization key code. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2024, were \$2,290,266, 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:
  - 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.

<u>Findings</u>: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected four direct Measure M2 Local Fair Share expenditures for inspection totaling \$2,055,627 representing approximately 90% of total direct Measure M2 Local Fair Share expenditures of \$2,290,266 for the Fiscal Year ended June 30, 2024. 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. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

<u>Findings</u>: 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 Local Fair Share expenditures for the fiscal year ended June 30, 2024. No exceptions were found as a result of this procedure.

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

<u>Findings</u>: 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 \$75,256 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY24) 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

Crowe LLP

Costa Mesa, California March 28, 2025

#### CITY OF GARDEN GROVE, CALIFORNIA SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES Year ended June 30, 2024 (Unaudited)

	SC	HEDULE A
Maintenance of Effort (MOE) Expenditures:		
Indirect and/ or Overhead - Schedule 3, line 1	\$	2,551,477
Construction & Right-of-Way		
Street Reconstruction	\$	11,572,961
Total Construction	\$	11,572,961
Maintenance		
Street Lights & Traffic Signals	\$	404,406
Other Street Purpose Maintenance		3,833,455
Total Maintenance	\$	4,237,861
Total MOE Expenditures	\$	18,362,299
Measure M2 Local Fair Share Expenditures (Schedule 4):		
CIP-22-STREET REHAB	\$	950
CIP-ACACIA STREET IMPROVEMENT		1,276,731
CIP-CHAP REHAB SPRINDAL WESTRN		514,900
CIP-HAZARD REHABILITATION		199,820
CIP-SLURRY SEAL PROJECTS		287,865
CIP-CHAPMAN REHAB LANDSCP MAINT		10,000
Total Measure M2 Local Fair Share Expenditures	\$	2,290,266
Total MOE and Measure M2 Local Fair Share Expenditures	\$	20,652,565

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



## **CITY OF GARDEN GROVE**

Stephanie Klopfenstein Mayor

Joe DoVinh Mayor Pro Tem - District 4

George S. Brietigam Council Member - District 1

Phillip Nguyen Council Member - District 2

**Cindy Ngoc Tran** Council Member - District 3

Yesenia Muñeton Council Member - District 5

Ariana Arestegui

Council Member - District 6

March 28, 2025

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 Garden Grove as of and for the fiscal year ended June 30, 2024.

#### Procedure #2

Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2024 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2023/2024. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

- 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.

<u>Findings:</u> The City's MOE expenditures for the fiscal year ended June 30, 2024, were \$18,362,299 (see Schedule A), which exceeded the MOE benchmark requirement of \$4,497,736. Actual MOE expenditures per the general ledger expenditure detail totaled \$18,338,943, a variance of \$23,356. The variance was due to an error from including two object codes twice. No other exceptions were found as a result of this procedure.

#### City's Response:

The City acknowledges the \$23,356 variance in MOE expenditures, which resulted from an Excel formula error. This clerical error did not impact compliance with the MOE benchmark. To prevent similar issues, the City will enhance its review procedures.

#### **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.

<u>Findings:</u> We selected 25 direct MOE expenditures totaling \$9,944,830, which represented approximately 63% of direct MOE expenditures of \$15,810,822 for fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Expenditures were properly classified as local street and road expenditures and were allowable per the Ordinance, except for fleet maintenance charges, totaling \$11,233, which were found to be indirect cost allocations that should have been reported as indirect costs. See Procedure #4 for indirect cost testing. No other exceptions were found as a result of this procedure.

#### City's Response:

The City acknowledges that the fleet maintenance charges totaling \$11,233 were classified as direct MOE expenditures instead of indirect costs. Going forward, the City will ensure that such charges are properly reported as indirect costs to align with the Ordinance.

**City Manager** 

**Finance** Director

WEM

Public Works Director



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

Board of Directors Orange County Local Transportation Authority and the Taxpayers Oversight Committee of the Orange County Local Transportation Authority 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 Huntington Beach's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2024. 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 evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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 (Maintenance of Effort) MOE expenditures in its general ledger.

<u>Findings</u>: The MOE expenditures were tracked in the City's general ledger by fund, object, and business unit number. The City recorded its MOE expenditures in its General Fund (100) and Capital Projects Fund (314). Expenditures are identified by a 5-digit object number and a 5-digit business unit number. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2024 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2023/2024. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

<u>Findings</u>: The City's MOE expenditures per the general ledger for the fiscal year ended June 30, 2024, were \$22,360,255 (see Schedule A), which exceeded the MOE benchmark requirement of \$6,494,379. We agreed the total expenditures of \$22,360,255 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this 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.

<u>Findings</u>: We selected 25 direct MOE expenditures totaling \$5,188,886, which represented approximately 31% of direct MOE expenditures of \$16,508,272 for fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance, except for \$4,456,129 reported as direct charges that should have been reported as indirect costs. See Procedure #4 for indirect cost testing. 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.

<u>Findings</u>: We agreed total indirect expenditures of \$5,851,983 per the general ledger to the amount reported on the City's Expenditure Report (Schedule 3, line 1) with no differences. We selected 35 charges for inspection with a total amount of \$1,629,278 representing 28% of the total MOE indirect costs of \$5,851,983. During testing of direct costs at Procedure #3, we identified an additional \$4,456,129 in indirect costs that were reported as direct costs. These expenditures included allocations of payroll and benefits, insurance costs, contracted services, information technology software, monthly print shop/mail/phone, equipment rentals, and various other charges. For indirect costs, the methodology used to allocate costs should be documented and represent a fair and reasonable allocation of costs. The City was unable to provide a documented methodology representing a fair and reasonable allocation of costs. As such, these expenditures were deemed unallowable and removed from the MOE benchmark calculation. Also, we identified six charges totaling \$78,490 that should have been identified as direct costs as they were charged 100% to MOE projects. After removing unsupported indirect cost allocations, totaling \$10,229,622, the City still met the MOE benchmark. 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, 2024 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 or within five years, if an extension was granted. Explain any differences.

<u>Findings</u>: The City received \$13,436,734 for the past three fiscal years ended June 30, 2022, 2023, and 2024. We agreed the fund balance of \$5,115,802 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, 2024. 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.

<u>Findings</u>: The City tracks its LFS expenditures in its Measure M2 Fair Share Fund (213). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2024, were \$3,506,656 (see Schedule A), which agreed to the amount reported in 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:
  - 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.

<u>Findings</u>: Eligible Jurisdictions should identify specific projects by their actual titles as well as a brief description for all projects that utilized any portion of Measure M2 Local Fair Share Funding in the City's Expenditure Report (Schedule 4). When comparing the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, we found that the City had included only generic project titles such as "General Street Maintenance", "Residential Pavement", "Pedestrian Improvement" and "Arterial Rehabilitation" on their Schedule 4, rather than specific projects that could be traced to their Seven-Year CIP. We selected 25 direct Measure M2 Local Fair Share expenditures for inspection totaling \$2,047,698 representing approximately 58% of total direct Measure M2 Local Fair Share expenditures of \$3,505,190 for the Fiscal Year ended June 30, 2024. We agreed the dollar amount to supporting documentation and determined that expenditures were properly classified and allowable per the Ordinance, except for payroll charges of \$29,249 for one employee. Discussion with the City indicated that the payroll system was erroneously set up to charge this employee's holiday, general, and administrative leave time to a General Street Maintenance Project funded by Local Fair Share. The employee in question does not perform street maintenance work. As such, these charges are deemed unallowable per the Ordinance. 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. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

<u>Findings</u>: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$1,466 in indirect costs for LFS for the fiscal year ended June 30, 2024. We selected 10 Local Fair Share indirect costs for inspection totaling \$1,466 representing 100% of the total Local Fair Share indirect costs. Upon inspection, we found these charges were for membership dues for public works associations and charges for public works conferences that were charged directly to Local Fair Share projects. As such, these costs should have been reported as direct costs. No other exceptions were found as a result of this procedure.

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

<u>Findings</u>: 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 \$112,603 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY24) 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

Crowe LLP

Costa Mesa, California April 9, 2025

#### CITY OF HUNTINGTON BEACH, CALIFORNIA SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES Year ended June 30, 2024 (Unaudited)

	SCHEDULE A	
Maintenance of Effort (MOE) Expenditures:		
Indirect and/ or Overhead - Schedule 3, line 1	\$	5,851,983
Construction & Right-of-Way		
Street Reconstruction	\$	1,465,541
Total Construction	\$	1,465,541
Maintenance		
Patching	\$	443,143
Overlay & Sealing		6,687,899
Street Lights & Traffic Signals		1,368,750
Other Street Purpose Maintenance		6,542,940
Total Maintenance	\$	15,042,732
Total MOE Expenditures	\$	22,360,255
Measure M2 Local Fair Share Expenditures (Schedule 4):		
General Street Maintenance	\$	1,747,757
Residential Pavement		259,695
Pedestrian Improvement		191,593
Arterial Rehabilitation		1,307,611
Total Measure M2 Local Fair Share Expenditures	\$	3,506,656
Total MOE and Measure M2 Local Fair Share Expenditures	\$	25,866,912

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



# HUNTINGTON BEACH

Robert Torrez | Interim Chief Financial Officer

April 9, 2025

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 Huntington Beach as of and for the fiscal year ended June 30, 2024.

#### 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.

<u>Findings:</u> We selected 25 direct MOE expenditures totaling \$5,188,886, which represented approximately 31% of direct MOE expenditures of \$16,508,272 for fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance, except for \$4,456,129 reported as direct charges that should have been reported as indirect costs. See Procedure #4 for indirect cost testing. No other exceptions were found as a result of this procedure.

<u>City's Response</u>: The City will evaluate its financial reporting methods and adopt measures to ensure that Maintenance of Effort expenditures are properly categorized in future reports.

#### 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.

<u>Findings</u>: We agreed total indirect expenditures of \$5,851,983 per the general ledger to the amount reported on the City's Expenditure Report (Schedule 3, line 1) with no differences. We selected 35

charges for inspection with a total amount of \$1,629,278 representing 28% of the total MOE indirect costs of \$5,851,983. During testing of direct costs at Procedure #3, we identified an additional \$4,456,129 in indirect costs that were reported as direct costs. These expenditures included allocations of payroll and benefits, insurance costs, contracted services, information technology software, monthly print shop/mail/phone, equipment rentals, and various other charges. For indirect costs, the methodology used to allocate costs should be documented and represent a fair and reasonable allocation of costs. The City was unable to provide a documented methodology representing a fair and reasonable allocation of costs. As such, these expenditures were deemed unallowable and removed from the MOE benchmark calculation. Also, we identified six charges totaling \$78,490 that should have been identified as direct costs as they were charged 100% to MOE projects. After removing unsupported indirect cost allocations, totaling \$10,229,622, the City still met the MOE benchmark. No other exceptions were found as a result of this procedure.

<u>City's Response</u>: The City will review its financial reporting processes methodology used to allocate Maintenance of Effort costs and implement procedures to ensure that expenditures are correctly classified in future reports.

#### 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: Eligible Jurisdictions should identify specific projects by their actual titles as well as a brief description for all projects that utilized any portion of Measure M2 Local Fair Share Funding in the City's Expenditure Report (Schedule 4). When comparing the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, we found that the City had included only generic project titles such as "General Street Maintenance", "Residential Pavement", "Pedestrian Improvement" and "Arterial Rehabilitation" on their Schedule 4, rather than specific projects that could be traced to their Seven-Year CIP. We selected 25 direct Measure M2 Local Fair Share expenditures for inspection totaling \$2,047,698 representing approximately 58% of total direct Measure M2 Local Fair Share expenditures of \$3,505,190 for the Fiscal Year ended June 30, 2024. We agreed the dollar amount to supporting documentation and determined that expenditures were properly classified and allowable per the Ordinance, except for payroll charges of \$29,249 for one employee. Discussion with the City indicated that the payroll system was erroneously set up to charge this employee's holiday, general, and administrative leave time to a General Street Maintenance Work. As such, these charges are deemed unallowable per the Ordinance. No other exceptions were found as a result of this procedure.

<u>City's Response</u>: The City will undertake a comprehensive review of its financial reporting protocols and establish enhanced internal controls to ensure the accurate classification of Local Fair Share

expenditures in all subsequent financial reports. A journal entry in the amount of \$29,249 has been completed to refund the erroneously charged Local Fair Share funds.

#### 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. Describe the dollar amount inspected. 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 \$1,466 in indirect costs for LFS for the fiscal year ended June 30, 2024. We selected 10 Local Fair Share indirect costs for inspection totaling \$1,466 representing 100% of the total Local Fair Share indirect costs. Upon inspection, we found these charges were for membership dues for public works associations and charges for public works conferences that were charged directly to Local Fair Share projects. As such, these costs should have been reported as direct costs. No other exceptions were found as a result of this procedure.

City's Response: The City will review its financial reporting processes and implement procedures to ensure that Local Fair Share expenditures are correctly classified in future reports.

ravis Hopkins. City Manager

Robert Torrez, Chief Financial Officer

Chau Vu, Director of Public Works



Crowe LLP Independent Member Crowe Global

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

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 Habra's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2024. 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 evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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 (Maintenance of Effort) MOE expenditures in its general ledger.

<u>Findings</u>: The MOE expenditures were tracked in the City's general ledger by fund, organization, and account number. The City recorded its MOE expenditures in its General Fund (113) and identified MOE expenditures by a 6-digit organization and 4-digit account number. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2024 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2023/2024. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

<u>Findings</u>: The City's MOE expenditures for the fiscal year ended June 30, 2024, were \$1,993,026 (see Schedule A), which exceeded the MOE benchmark requirement of \$1,983,997. We agreed the total expenditures of \$1,993,026 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this 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.

<u>Findings</u>: We selected 25 direct MOE expenditures totaling \$592,069, which represented approximately 30% of direct MOE expenditures of \$1,993,026 for fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. We determined that the expenditures were properly classified as a local street and road expenditure and are allowable per the Ordinance. 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.

<u>Findings</u>: 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, 2024. 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, 2024 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 or within five years, if an extension was granted. Explain any differences.

<u>Findings</u>: The City received \$3,512,283 for the past three fiscal years ended June 30, 2022, 2023, and 2024. We agreed the fund balance of \$3,599,717 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, 2024. 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.

<u>Findings</u>: The City tracks its LFS expenditures in its Measure M2 Fair Share Fund (138). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2024, were \$70,371 (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:

- 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.

<u>Findings</u>: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected four direct Measure M2 Local Fair Share expenditures for inspection totaling \$59,848 representing approximately 85% of total direct Measure M2 Local Fair Share expenditures of \$70,371 for the Fiscal Year ended June 30, 2024. 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. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

<u>Findings</u>: 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 Local Fair Share expenditures for the fiscal year ended June 30, 2024. No exceptions were found as a result of this procedure.

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

<u>Findings</u>: 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 \$111,764 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY24) 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.

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

Crowe LLP

Costa Mesa, California March 24, 2025

#### CITY OF LA HABRA, CALIFORNIA SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES Year ended June 30, 2024 (Unaudited)

	SCF	IEDULE A
Maintenance of Effort (MOE) Expenditures: Indirect and/ or Overhead - Schedule 3, line 1	\$	-
Construction & Right-of-Way	¢	120 791
Signals, Safety Devices, & Street Lights Total Construction	\$ \$	130,781 130,781
Maintenance		
Street Lights & Traffic Signals Storm Damage	\$	1,138,065 79,913
Other Street Purpose Maintenance		644,267
Total Maintenance	\$	1,862,245
Total MOE Expenditures	\$	1,993,026
Measure M2 Local Fair Share Expenditures (Schedule 4):		
Residential Rehabilitation Slurry Seal	\$	62,871
Alley Area 6 Improvement Project	<u>~</u>	7,500
Total Measure M2 Local Fair Share Expenditures	\$	70,371
Total MOE and Measure M2 Local Fair Share Expenditures	\$	2,063,397

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



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#### 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, 2024. 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 evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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 (Maintenance of Effort) MOE expenditures in its general ledger.

<u>Findings</u>: The MOE expenditures were tracked in the City's general ledger by fund, department, and account code. The City recorded its MOE expenditures in its General Fund (100) and identified MOE expenditures by a 3-digit department and a 6-digit expenditure number. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2024 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2023/2024. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

<u>Findings</u>: The City's MOE expenditures for the fiscal year ended June 30, 2024, were \$1,112,912 (see Schedule A), which exceeded the MOE benchmark requirement of \$355,486. We agreed the total expenditures of \$1,112,912 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this 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.

<u>Findings</u>: We selected 25 direct MOE expenditures totaling \$521,317, which represented approximately 47% of direct MOE expenditures of \$1,112,912 for fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. We determined that the expenditures were properly classified as a local street and road expenditure and are allowable per the Ordinance. 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.

<u>Findings</u>: 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, 2024. 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, 2024 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 or within five years, if an extension was granted. Explain any differences.

<u>Findings</u>: The City received \$2,296,143 for the past three fiscal years ended June 30, 2022, 2023, and 2024. We agreed the fund balance of \$238,667 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, 2024. 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.

<u>Findings</u>: The City tracks its LFS expenditures in its Measure M2 Fund (212). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2024, were \$708,079 (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:

- 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.

<u>Findings</u>: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected 16 direct Measure M2 Local Fair Share expenditures for inspection totaling \$532,195 representing approximately 75% of total direct Measure M2 Local Fair Share expenditures of \$708,079 for the Fiscal Year ended June 30, 2024. 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. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

<u>Findings</u>: 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 Local Fair Share expenditures for the fiscal year ended June 30, 2024. No exceptions were found as a result of this procedure.

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

<u>Findings</u>: Based on the Expenditure Report (Schedule 2, line 4), the City reported \$0 in interest for the Measure M2 Local Fair Share Fund. Per discussion with the City's accounting personnel and through inspection of the general ledger, no interest was identified for the fiscal year ended June 30, 2024. The City's interest allocation methodology is to calculate the average monthly cash balance to determine if interest should be allocated to the fund. The City had a monthly negative cash balance for the entire fiscal year, thus no interest was allocated to the Measure M2 Local Fair Share Fund. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY24) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were noted 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

Crowe LLP

Costa Mesa, California March 24, 2025

#### CITY OF LAGUNA HILLS, CALIFORNIA SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES Year ended June 30, 2024 (Unaudited)

	SCH	IEDULE A
Maintenance of Effort (MOE) Expenditures: Indirect and/ or Overhead - Schedule 3, line 1	\$	-
Maintenance		
Street Lights & Traffic Signals Other Street Purpose Maintenance	\$	859,219 253,693
Total Maintenance	\$	1,112,912
Total MOE Expenditures	\$	1,112,912
Measure M2 Local Fair Share Expenditures (Schedule 4):		
General Street Maintenance FY 23-24 (CP-11714)	\$	708,079
Total Measure M2 Local Fair Share Expenditures	\$	708,079
Total MOE and Measure M2 Local Fair Share Expenditures	\$	1,820,991

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



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#### INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES CITY OF MISSION VIEJO

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 Mission Viejo's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2024. 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 evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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 (Maintenance of Effort) MOE expenditures in its general ledger.

<u>Findings</u>: The MOE expenditures were tracked in the City's general ledger by fund, department, account, and project code. The City recorded its MOE expenditures in its General Fund (101) followed by a 3-digit department code, 4-digit account code and 5-digit project code. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2024 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2023/2024. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

<u>Findings</u>: The City's MOE expenditures for the fiscal year ended June 30, 2024, were \$5,218,027 (see Schedule A), which exceeded the MOE benchmark requirement of \$3,150,525. We agreed the total expenditures of \$5,218,027 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this 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.

<u>Findings</u>: We selected 26 direct MOE expenditures totaling \$1,318,117, which represented approximately 31% of direct MOE expenditures of \$4,230,992 for fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. 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.

<u>Findings</u>: 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, 2024. The City reported \$987,035 in MOE indirect expenditures. Through inspection of the City's general ledger detail, we identified \$368,250 of indirect costs that should have been reported as direct costs. These charges included payroll and contracted professional services that were being charged 100% to MOE and were deemed allowable costs. We selected 25 charges for inspection with a total amount of \$161,583 representing 26% of the total MOE indirect costs. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. Upon inspecting the supporting documentation for the samples selected, we determined that the indirect MOE costs were properly classified as indirect expenditures and based upon a reasonable and appropriate methodology. 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, 2024 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 or within five years, if an extension was granted. Explain any differences.

<u>Findings</u>: The City received \$6,169,211 for the past three fiscal years ended June 30, 2022, 2023, and 2024. We agreed the fund balance of \$2,003,203 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, 2024. 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.

<u>Findings</u>: The City tracks its LFS expenditures in its Measure M2 Sales Tax Apportion Fund (267). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2024, were \$3,633,194, 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:
  - 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. The City reported LFS expenditures for a Bus Operations Project in the amount of \$32,503 to fund operations of a local shuttle service. The local shuttle service is also funded under the Measure M Project V grant program and the City uses LFS to provide the local match. Ordinance language states that LFS funding may be used for "...other transportation purposes" and the Transportation Investment Plan, incorporated into the Ordinance, includes examples of "...other transportation needs such as residential street projects, traffic and pedestrian safety near schools, signal priority for emergency vehicles, etc." The City provided Measure M Comprehensive Transportation Funding Program Guidelines, issued in 2016 (at the time of their Project V award) that require cities to provide funding matches using "non-OCTA resources" and define LFS revenues as "non-OCTA resources". We selected 10 direct Measure M2 Local Fair Share expenditures for inspection totaling \$2,682,292 representing approximately 75% of total direct Measure M2 Local Fair Share expenditures of \$3,591,328 for the Fiscal Year ended June 30, 2024. 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. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

<u>Findings</u>: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$41,866 in indirect costs for LFS for the fiscal year ended June 30, 2024. We selected 25 Local Fair Share indirect costs for inspection totaling \$31,591, representing 75% of the total Local Fair Share indirect costs. Upon inspection, we determined these charges were labor costs directly identifiable as street and road project inspection costs. As such, these costs should have been reported as direct costs. After further inspection, we determined that these LFS direct costs were allowable per the Ordinance. No other exceptions were found as a result of this procedure.

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

<u>Findings</u>: 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 \$121,939 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY23) 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

Crowe LLP

Costa Mesa, California April 11, 2025

#### CITY OF MISSION VIEJO, CALIFORNIA SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES Year ended June 30, 2024 (Unaudited)

	SCHEDULE A	
Maintenance of Effort (MOE) Expenditures:		
Indirect and/ or Overhead - Schedule 3, line 1	\$	987,036
Construction & Right-of-Way		
Street Reconstruction	\$	393,925
Total Construction	\$	393,925
Maintenance		
Patching	\$	1,707,654
Street Lights & Traffic Signals	\$	1,502,679
Other Street Purpose Maintenance		626,733
Total Maintenance	\$	3,837,066
Total MOE Expenditures	\$	5,218,027
Measure M2 Local Fair Share Expenditures (Schedule 4):		
La Paz Bridge Widening (01756) Street Reconstruction	\$	1,595,371
Los Alisos Traffic Signal Synchronization Project (19240) Administration		246
North Oso Creek Bike/Ped Open Space (22333) Pedestrian Ways & Bikepaths		3,250
Olympiad Road Pedestrian Crossing (24259) Pedestrian Ways & Bikepaths		43,945
Arterial highway Resurfacing & Slurry (24837) Administration		2,036
Arterial highway Resurfacing & Slurry (24837) Maintenance - Overlay & Sealing		50,313
Residential Resurfacing (24838) Administration		39,585
Residential Resurfacing (24838) Maintenance - Overlay & Sealing		1,865,946
525267-7650 Bus Operations Other Street Purposes- Other		32,503
Total Measure M2 Local Fair Share Expenditures	\$	3,633,194
Total MOE and Measure M2 Local Fair Share Expenditures	\$	8,851,221

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



# **City of Mission Viejo**

### Administrative Services Department

Bob Ruesch Mayor

Wendy Bucknum Mayor Pro Tem

Brian Goodell Council Member

Trish Kelley Council Member

**Cynthia Vasquez** *Council Member* 

April 11, 2025

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 Mission Viejo as of and for the fiscal year ended June 30, 2024.

#### 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.

<u>Finding</u>s: 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, 2024. The City reported \$987,035 in MOE indirect expenditures. Through inspection of the City's general ledger detail, we identified \$368,250 of indirect costs that should have been reported as direct costs. These charges included payroll and contracted professional services that were being charged 100% to MOE and were deemed allowable costs. We selected 25 charges for inspection with a total amount of \$161,583 representing 26% of the total MOE indirect costs. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. Upon inspecting the supporting documentation for the samples selected, we determined that the indirect MOE costs were properly classified as indirect expenditures and based upon a reasonable and appropriate methodology. No other exceptions were found as a result of this procedure.

#### City's Response:

Exception noted. Going forward directly identifiable payroll and contracted services expenditures associated with Measure M2 projects will be reported as direct costs.



# **City of Mission Viejo**

### Administrative Services Department

Bob Ruesch Mayor

Wendy Bucknum Mayor Pro Tem

Brian Goodell Council Member

Trish Kelley Council Member

**Cynthia Vasquez** *Council Member* 

#### 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. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

<u>Findings:</u> Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$41,866 in indirect costs for LFS for the fiscal year ended June 30, 2024. We selected 25 Local Fair Share indirect costs for inspection totaling \$31,591, representing 75% of the total Local Fair Share indirect costs. Upon inspection, we determined these charges were labor costs directly identifiable as street and road project inspection costs. As such, these costs should have been reported as direct costs. After further inspection, we determined that these LFS direct costs were allowable per the Ordinance. No other exceptions were found as a result of this procedure.

#### City's Response:

Exception noted. Going forward labor costs directly identifiable as street and road project inspections costs will be reported as direct costs.

ocuSigned by

4/11/2025

Elaine Lister, City Manager

-Signed by: Ellis Chang

4/11/2025

Ellis Chang, Director of Administrative Services

Marck (hagnon

4/11/2025

Mark Chagnon, Director of Public Works





#### 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, 2024. 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 evaluating the County's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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 (Maintenance of Effort) MOE expenditures in its general ledger.

<u>Findings</u>: The County did not have an MOE requirement for the fiscal year ended June 30, 2024. As a result, this procedure was not applicable.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2024 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2023/2024. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

<u>Findings</u>: The County did not have an MOE requirement for the fiscal year ended June 30, 2024. As a result, this procedure was not applicable.

- 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.

<u>Findings</u>: The County did not have an MOE requirement for the fiscal year ended June 30, 2024. As a result, this procedure was not applicable.

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.

<u>Findings</u>: The County did not have an MOE requirement for the fiscal year ended June 30, 2024. As a result, this procedure was not applicable.

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, 2024 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 or within five years, if an extension was granted. Explain any differences.

<u>Findings</u>: The County received \$17,187,598 for the past three fiscal years ended June 30, 2022, 2023, and 2024. We agreed the fund balance of \$0 from the general ledger detail to the County'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, 2024. 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.

<u>Findings</u>: The County tracks its LFS expenditures in its Measure M2 Fair Share Fund (115) by using a 4-digit object code and various job codes specific to Local Fair Share projects. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2024, were \$5,665,401 (see Schedule A), which agreed to the County'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:
  - 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.

<u>Findings</u>: We compared the projects listed on the County's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected 25 direct Measure M2 Local Fair Share expenditures for inspection totaling \$1,657,015 representing approximately 29% of total direct Measure M2 Local Fair Share expenditures of \$5,665,401 for the Fiscal Year ended June 30, 2024. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the County'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. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

<u>Findings</u>: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the County's accounting personnel, no indirect costs were identified as Local Fair Share expenditures for the fiscal year ended June 30, 2024. No exceptions were found as a result of this procedure.

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

<u>Findings</u>: 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 \$0 listed on the County's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY23) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were noted 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

Crowe LLP

Costa Mesa, California March 28, 2025

## COUNTY OF ORANGE, CALIFORNIA SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES Year ended June 30, 2024 (Unaudited)

	SCH	EDULE A
Maintenance of Effort (MOE) Expenditures:		
Indirect and/ or Overhead - Schedule 3, line 1	\$	-
Construction & Right-of-Way		
<b>0</b> <i>1</i>	\$	-
Total Construction	\$	-
Maladamana		
Maintenance	\$	-
Total Maintenance	\$\$	
Total Maintenance	<u> </u>	-
Total MOE Expenditures	\$	-
Measure M2 Local Fair Share Expenditures (Schedule 4):		
Mitigation - Long Term Maintenance Of Road Project Mitigation	\$	569,542
Midway City-Map Page 828		114,061
St.Sweeping Dist. 1-Unincorp.		7,421
Rossmoor-Map Page 796		308,758
Stanton-Map Page 797		24,885
St. Sweeping Dist. 2-Unincorp.		110,533
General Maintenance Dist 3		1,161,794
Brea-Map Pages 709, 739		1,459
Yorba Linda-Map Pages 739, 740		30,891
Orange Pk Acres-Map Pg 770,800		64,944
Cowan Hts/Lemon Hts-Map Pg 800		351,221
Lemon Hts/Red Hill-Map Pg 830		197,982
North Tustin-Map Page 800		942,209
St.Sweeping Dist. 3-Unincorp		347,977
El Modena Tbmp 800		17,370
Orange-Olive Tbmp 769		10,998
Anaheim-Map Pages 768,769,798		79,641
Placentia-Map Page 739		1,047
St.Sweeping Dist. 4-Unincorp. La Habra Tbmp 708, 738		66,259
General Maintenance District 5		1,441 757,144
Costa Mesa-Ma Pages 859, 889		3,740
Rancho Mission Viejo - County Area		125,435
Avenida La Pata Water Quality Basin 2		16,645
Avenida La Pata Water Quality Basin 3		16,645
Avenida La Pata Water Quality Basin 4		16,645
Avenida La Pata Water Quality Basin 5		16,645
Avenida La Pata Water Quality Basin 6		16,645
St. Sweeping Dist. 5-Unincorp.		236,521
Alton Parkway Wildlife Corridor Maint./Transfer		48,903
Total Measure M2 Local Fair Share Expenditures	\$	5,665,401
Total MOE and Measure M2 Local Fair Share Expenditures	\$	5,665,401

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



Crowe LLP Independent Member Crowe Global

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

Board of Directors Orange County Local Transportation Authority and the Taxpayers Oversight Committee of the Orange County Local Transportation Authority 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 San Clemente's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2024. 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 evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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 (Maintenance of Effort) MOE expenditures in its general ledger.

<u>Findings</u>: The MOE expenditures were tracked in the City's general ledger by fund, project, and account number. The City recorded its MOE expenditures in its General Fund (001) and is identified by a 3-digit program and a 5-digit expenditure number. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2024 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2023/2024. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

<u>Findings</u>: The City's MOE expenditures for the fiscal year ended June 30, 2024, were \$4,927,490 (see Schedule A), which exceeded the MOE benchmark requirement of \$1,471,176. We agreed the total expenditures of \$4,927,490 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this 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.

<u>Findings</u>: We selected 25 direct MOE expenditures totaling \$1,135,038 which represented approximately 30% of direct MOE expenditures of \$3,786,293 for fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. 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.

<u>Findings</u>: 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, 2024. We agreed \$1,141,197 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 \$312,148 representing 27% of the total MOE indirect costs. Through our testing, we identified 16 payroll related charges totaling \$204,810 that should have been identified as direct costs as they were charged 100% to MOE projects and allowable per the Ordinance. After further inspection, the total payroll charges included as indirect costs that should have been reported as direct was \$1,313,908. The remaining indirect expenditures included Public Works Admin of \$206,924 and offsetting Chargeback recovery costs totaling (\$372,134). These expenditures utilized various percentage-based allocations that were backed by appropriate documentation. 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, 2024 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 or within five years, if an extension was granted. Explain any differences.

<u>Findings</u>: The City received \$3,987,063 for the past three fiscal years ended June 30, 2022, 2023, and 2024. We agreed the fund balance of \$643,953 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, 2024. 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.

<u>Findings</u>: The LFS expenditures were tracked in the City's general ledger by fund, project, and expenditure account number. The City recorded its LFS expenditures in its Street Improvement Fund (042) which is identified by a 3-digit project and a 5-digit account number. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2024, were \$1,569,823, 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:
  - 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.

<u>Findings</u>: Eligible Jurisdictions should identify specific projects by their actual titles as well as a brief description for all projects that utilized any portion of Measure M2 Local Fair Share Funding in the City's Expenditure Report (Schedule 4). When comparing the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, we found that the City had reported generic projects such as "Street Improvement Projects" and "As Needed Repairs" which included various other projects. As such we were unable to trace the exact projects back to the City's Seven-Year CIP. We selected 25 direct Measure M2 Local Fair Share expenditures for inspection totaling \$1,280,703 representing approximately 82% of total direct Measure M2 Local Fair Share expenditures of \$1,549,105 for the Fiscal Year ended June 30, 2024. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were properly classified as Measure M2 Local Fair Share projects. 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. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

<u>Findings</u>: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, Line 1), the City reported \$20,718 in indirect costs for LFS for the fiscal year ended June 30, 2024. We selected 25 Local Fair Share indirect costs for inspection totaling \$20,592 representing 99% of the total Local Fair Share indirect costs. Upon inspection, we determined these charges were labor costs directly identifiable as street and road project inspection costs. As such, these costs should have been reported as direct costs. No other exceptions were found as a result of this procedure.

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

<u>Findings</u>: 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 \$10,738 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY24) 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

Crowe LLP

Costa Mesa, California April 9, 2025

# CITY OF SAN CLEMENTE, CALIFORNIA SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES Year ended June 30, 2024 (Unaudited)

	SCH	IEDULE A
Maintenance of Effort (MOE) Expenditures: Indirect and/ or Overhead - Schedule 3, line 1	\$	1,141,197
Construction & Right-of-Way		
Street Reconstruction	\$	500,000
Total Construction	\$	500,000
Maintenance		
Patching	\$	317,669
Overlay & Sealing		628,444
Street Lights & Traffic Signals		2,340,180
Total Maintenance	<u>\$</u>	3,286,293
Total MOE Expenditures	\$	4,927,490
Measure M2 Local Fair Share Expenditures (Schedule 4):		
Del Mar Street Rehabilitation	\$	103,159
FY 2022 Street Improvement Projects - Various Streets		222,039
FY 2023 Street Improvement Projects - Various Streets		137
As Needed Repairs FY 2023		438,546
As Needed Repairs FY 2024		210,545
FY 2024 Street Improvement Projects - Various Streets		595,397
Total Measure M2 Local Fair Share Expenditures	\$	1,569,823
Total MOE and Measure M2 Local Fair Share Expenditures	\$	6,497,313

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

Exhibit 1



April 9, 2025

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 San Clemente as of and for the fiscal year ended June 30, 2024.

## 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.

<u>Findings</u>: 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, 2024. We agreed \$1,141,197 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 \$312,148 representing 27% of the total MOE indirect costs. Through our testing, we identified 16 payroll related charges totaling \$204,810 that should have been identified as direct costs as they were charged 100% to MOE projects and allowable per the Ordinance. After further inspection, the total payroll charges included as indirect costs that should have been reported as direct was \$1,313,908. The remaining indirect expenditures included Public Works Admin of \$206,924 and offsetting Chargeback recovery costs totaling (\$372,134). These expenditures utilized various percentage-based allocations that were backed by appropriate documentation. No other exceptions were found as a result of this procedure.

## City's Response:

The City concurs with this finding and will allocate payroll charges to the appropriate direct cost line items on future expenditure reports for Measure M2.

## 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.

<u>Findings:</u> Eligible Jurisdictions should identify specific projects by their actual titles as well as a brief description for all projects that utilized any portion of Measure M2 Local Fair Share Funding in the City's Expenditure Report (Schedule 4). When comparing the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, we found that the City had reported generic projects such as "Street Improvement Projects" and "As Needed Repairs" which included various other projects. As such we were unable to trace the exact projects back to the City's Seven-Year CIP. We selected 25 direct Measure M2 Local Fair Share expenditures for inspection totaling \$1,280,703 representing approximately 82% of total direct Measure M2 Local Fair Share expenditures of \$1,549,105 for the Fiscal Year ended June 30, 2024. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were properly classified as Measure M2 Local Fair Share projects. No other exceptions were found as a result of this procedure.

### City's Response:

The City Public Works department is working on updating the City's Seven-Year CIP and going forward will include a listing of street projects that are funded by Measure M2 Local Fair Share funding that will also be included on the Measure M2 Expenditure Reporting.

### 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. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

<u>Findings</u>: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, Line 1), the City reported \$20,718 in indirect costs for LFS for the fiscal year ended June 30, 2024. We selected 25 Local Fair Share indirect costs for inspection totaling \$20,592 representing 99% of the total Local Fair Share indirect costs. Upon inspection, we determined these charges were labor costs directly identifiable as street and road project inspection costs. As such, these costs should have been reported as direct costs. No other exceptions were found as a result of this procedure.

#### City's Response:

The City concurs with this finding and will allocate payroll charges to the appropriate projects as a direct cost line item on future expenditure reporting for Measure M2.

Andy Hall Andy Hall (Apr 9, 2025 13:16 PDT)	04/	/09/2025
Andy Hall, City Manager		Date
Brian Brower	04,	/09/2025
Brian Brower, Financial Services Direc	tor	Date
Dave Rebensdorf Dave Rebensdorf (Apr 9, 2025 12:09 PDT)	04	/09/2025
Dave Rebensdorf, Public Works Direct	or	Date



Crowe LLP Independent Member Crowe Global

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES CITY OF SEAL BEACH

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 Seal Beach's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2024. 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 evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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 (Maintenance of Effort) MOE expenditures in its general ledger.

<u>Findings</u>: The MOE expenditures were tracked in the City's general ledger by fund, department, object, and account number. The City records its MOE expenditures in its General Fund (101) and is identified by a 3-digit department number followed by various 4-digit object number and 5-digit account number. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2024 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2023/2024. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

<u>Findings</u>: The City's MOE expenditures for the fiscal year ended June 30, 2024, were \$1,709,456 (see Schedule A), which exceeded the MOE benchmark requirement of \$733,847. We agreed the total expenditures of \$1,709,456 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this 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.

<u>Findings</u>: We selected 25 direct MOE expenditures totaling \$444,598, which represented approximately 48% of direct MOE expenditures of \$919,999 for fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. We determined that the expenditures were properly classified as a local street and road expenditure and is allowable per the Ordinance. 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.

<u>Findings</u>: We agreed the total indirect expenditures of \$789,457 to the amount reported on the City's Expenditure Report (Schedule 3, line 1) with no differences. We selected 27 indirect MOE charges for inspection totaling \$269,322, which represented 34% of the total indirect MOE costs of \$789,457. Out of our testing selections, we identified \$124,658 in street sweeping and utility expenditures that should have been classified as direct MOE costs and were allowable per the Ordinance. We also identified two expenditures totaling \$315 for meals provided to employees that are not allowable. Finally, we requested the City to provide a documented methodology used to allocate payroll and benefits charges of \$144,664 and the City was unable to provide such documentation. As such, we lacked the information necessary to confirm these costs as fair and reasonable and the entirety of these allocated costs were removed from the MOE totaling \$561,449. After removing unsupported indirect cost allocations and the meals, the City still met the MOE benchmark requirement. No other exceptions were noted 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, 2024 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 or within five years, if an extension was granted. Explain any differences.

<u>Findings</u>: The City received \$1,630,791 for the past three fiscal years ended June 30, 2022, 2023, and 2024. We agreed the fund balance of \$1,397,637 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, 2024. 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.

<u>Findings</u>: The LFS expenditures were tracked in the City's general ledger by fund 211. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2024, were \$961,055 (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:
  - 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.

<u>Findings</u>: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without exception. We selected 10 direct Measure M2 Local Fair Share expenditures for inspection totaling \$822,565 representing approximately 86% of total direct Measure M2 Local Fair Share expenditures of \$961,055 for the Fiscal Year ended June 30, 2024. 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. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

<u>Findings</u>: 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 Local Fair Share expenditures for the fiscal year ended June 30, 2024. No exceptions were found as a result of this procedure.

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

<u>Findings</u>: 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 \$33,207 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY24) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were noted 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

Crowe LLP

Costa Mesa, California April 7, 2025

# CITY OF SEAL BEACH, CALIFORNIA SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES Year ended June 30, 2024 (Unaudited)

	SCH	IEDULE A
Maintenance of Effort (MOE) Expenditures: Indirect and/ or Overhead - Schedule 3, line 1	\$	789,457
Construction & Right-of-Way		
Signals, Safety Devices, & Street Lights	\$	217
Pedestrian Ways & Bikepaths		142,624
Total Construction	\$	142,841
Maintenance		
Street Lights & Traffic Signals	\$	111,793
Storm Damage	Ψ	17,600
Other Street Purpose Maintenance		647,765
Total Maintenance	\$	777,158
Total MOE Expenditures	\$	1,709,456
Measure M2 Local Fair Share Expenditures (Schedule 4):		
O-ST-6 CitywideTraffic Signal Improvement Project	\$	200,742
O-ST-4 Annual ADA Improvements Project		56,748
ST1811 Lampson Bike Trail Project		452,835
STO1 Annual Slurry Seal Project		250,730
Total Measure M2 Local Fair Share Expenditures	\$	961,055
Total MOE and Measure M2 Local Fair Share Expenditures	\$	2,670,511

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

City of Seal Beach



CITY HALL 211 EIGHTH STREET SEAL BEACH, CALIFORNIA 90740 (562) 431-2527 • www.sealbeachea.gov

April 7, 2025

Exhibit 1

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 Seal Beach as of and for the fiscal year ended June 30, 2024.

### 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 agreed the total indirect expenditures of \$789,457 to the amount reported on the City's Expenditure Report (Schedule 3, line 1) with no differences. We selected 27 indirect MOE charges for inspection totaling \$269,322, which represented 34% of the total indirect MOE costs of \$789,457. Out of our testing selections, we identified \$124,658 in street sweeping and utility expenditures that should have been classified as direct MOE costs and were allowable per the Ordinance. We also identified two expenditures totaling \$315 for meals provided to employees that are not allowable. Finally, we requested the City to provide a documented methodology used to allocate payroll and benefits charges of \$144,664 and the City was unable to provide such documentation. As such, we lacked the information necessary to confirm these costs as fair and reasonable and the entirety of these allocated costs were removed from the MOE totaling \$561,449. After removing unsupported indirect cost allocations and the meals, the City still met the MOE benchmark requirement. No other exceptions were noted as a result of this procedure.

### City's Response:

The City met the MOE benchmark and included both direct and indirect costs. However, the indirect costs were allocated without a formal cost allocation plan. The City will exclude these costs until a written cost allocation plan is in place. Seal Beach will also implement procedures to properly report noted expenses going forward.

Tatel Dal In lan GI

Name and Title of Responsible Party

Name and Title of Responsible Party Name and Title of Responsible Party



Crowe LLP Independent Member Crowe Global

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

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 Westminster's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2024. 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 evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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 (Maintenance of Effort) MOE expenditures in its general ledger.

<u>Findings</u>: The MOE expenditures were tracked in the City's general ledger by fund, organization, and object numbers. The City records its MOE expenditures in its General Fund (100) and is identified by a 5-digit organization number, and a 5-digit object number. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2024 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2023/2024. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

<u>Findings</u>: The City's MOE expenditures for the fiscal year ended June 30, 2024, were \$2,440,055 (see Schedule A), which exceeded the MOE benchmark requirement of \$1,894,018. We agreed the total expenditures of \$2,440,055 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this 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.

<u>Findings</u>: We selected 25 direct MOE expenditures totaling \$704,575, which represented approximately 35% of direct MOE expenditures of \$2,011,108 for fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. We determined that the expenditures were properly classified as a local street and road expenditure and are allowable per the Ordinance. 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.

<u>Findings</u>: 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, 2024. The City reported \$428,947 in MOE indirect expenditures. Through inspection of the City's general ledger detail, we identified \$63,951 of indirect costs that should have been reported as direct costs. We selected 12 charges for inspection with a total amount of \$337,504, representing 92% of the total MOE indirect costs. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. The indirect costs included Benefits Overhead, Insurance Charges, and Public Works Administrative Charges. Upon inspecting the supporting documentation for the samples selected, we determined that the indirect MOE costs were properly classified as indirect expenditures and based upon a reasonable and appropriate methodology. 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, 2024 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 or within five years, if an extension was granted. Explain any differences.

<u>Findings</u>: The City received \$5,736,365 for the past three fiscal years ended June 30, 2022, 2023, and 2024. We agreed the fund balance of \$3,642,550 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, 2024. 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.

<u>Findings</u>: The LFS expenditures were tracked in the City's general ledger by fund, organization, and object number. The City recorded its LFS expenditures in its Measure M2 Fair Share Fund (211) and Fund (405) with a 5-digit organization number following by a 5-digit object number. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2024, were \$1,271,853 (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:
  - 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.

<u>Findings</u>: We selected 17 direct Measure M2 Local Fair Share expenditures for inspection totaling \$971,341 representing approximately 76% of total direct Measure M2 Local Fair Share expenditures of \$1,271,853 for the Fiscal Year ended June 30, 2024. When comparing the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, we traced five expenditures in the amount of \$126,791 related to the Citywide Street Sweeping project, which was not listed on the City's Seven-Year CIP. We confirmed that the project was shown in prior year's Seven-Year CIPs' but not rolled forward to the current year. 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. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

<u>Findings</u>: 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 Local Fair Share expenditures for the fiscal year ended June 30, 2024. No exceptions were found as a result of this procedure.

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

<u>Findings</u>: We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. We recomputed the total interest for the fiscal year, which amounted to \$81,401. This amount did not agree to the amount of interest totaling \$81,395 listed on the City's Expenditure Report (Schedule 2, line 4). The difference between these two amounts, a variance of \$6, is attributed to a correcting entry posted to the wrong account. No other exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY24) 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

Crowe LLP

Costa Mesa, California March 26, 2025

# CITY OF WESTMINSTER, CALIFORNIA SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES Year ended June 30, 2024 (Unaudited)

	SCH	IEDULE A
Maintenance of Effort (MOE) Expenditures:		
Indirect and/ or Overhead - Schedule 3, line 1	\$	428,947
Construction & Right-of-Way		
Street Reconstruction	\$	49,651
Signals, Safety Devices, & Street Lights		215,693
Total Construction	\$	265,345
Maintenance		
Other Street Purpose Maintenance	\$	1,745,764
Total Maintenance	\$	1,745,764
Total MOE Expenditures	\$	2,440,055
Measure M2 Local Fair Share Expenditures (Schedule 4):		
Citywide Storm Drain Improvements	\$	265,416
Citywide Residential Overlay/Seal		35,800
Garden Grove Boulevard Improvements - Construction		536,830
Utilities - Electricity (traffic Signals)		123,964
Citywide Street Sweeping		309,843
Total Measure M2 Local Fair Share Expenditures	\$	1,271,853
Total MOE and Measure M2 Local Fair Share Expenditures	\$	3,711,909

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



8200 WESTMINSTER BOULEVARD, WESTMINSTER, CA 92683 • (714) 898-3311

Exhibit 1

March 26, 2025

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 Westminster as of and for the fiscal year ended June 30, 2024.

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.

<u>Findings:</u> 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, 2024. The City reported \$428,947 in MOE indirect expenditures. Through inspection of the City's general ledger detail, we identified \$63,951 of indirect costs that should have been reported as direct costs. We selected 12 charges for inspection with a total amount of \$337,504, representing 92% of the total MOE indirect costs. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. The indirect costs included Benefits Overhead, Insurance Charges, and Public Works Administrative Charges. Upon inspecting the supporting documentation for the samples selected, we determined that the indirect MOE costs were properly classified as indirect expenditures and based upon a reasonable and appropriate methodology. No other exceptions were found as a result of this procedure.

## City's Response:

We will verify expenditures are properly classified as indirect or direct on the Expenditure report in the current and future years.

Chi Charlie Nguyen Mayor Carlos Manzo Vice Mayor District 2 Amy Phan West Council Member District 1

Mark Nguyen Council Member District 3 NamQuan Nguyen Council Member District 4 Christine Cordon City Manager

## 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 voucher or other appropriate supporting documentation; and
- 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.

<u>Findings:</u> We selected 17 direct Measure M2 Local Fair Share expenditures for inspection totaling \$971,341 representing approximately 76% of total direct Measure M2 Local Fair Share expenditures of \$1,271,853 for the Fiscal Year ended June 30, 2024. When comparing the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, we traced five expenditures in the amount of \$126,791 related to the Citywide Street Sweeping project, which was not listed on the City's Seven-Year CIP. We confirmed that the project was shown in prior year's Seven-Year CIPs' but not rolled forward to the current year. No other exceptions were found as a result of this procedure.

## City's Response:

The City will update the Seven-Year Capital Improvement Program (CIP) to include the Citywide Street Steet Sweeping project as a part of the reporting process that will be presented to the Westminster City Council in June 2025.

Chi Charlie Nguyen Mayor Carlos Manzo Vice Mayor District 2 Amy Phan West Council Member District 1 Mark Nguyen Council Member District 3 NamQuan Nguyen Council Member District 4 Christine Cordon City Manager

## Procedure #9

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

<u>Findings:</u> We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. We recomputed the total interest for the fiscal year, which amounted to \$81,401. This amount did not agree to the amount of interest totaling \$81,395 listed on the City's Expenditure Report (Schedule 2, line 4). The difference between these two amounts, a variance of \$6, is attributed to a correcting entry posted to the wrong account. No other exceptions were found as a result of this procedure.

## City's Response:

The variance of \$6 will be allocated to the Measure M2 Fair Share Fund in the current year.

Erin Backs, Finance Director

Jake Ngo, Director of Public Works

Christine Cordon, City Manager

Chi Charlie Nguyen Mayor Carlos Manzo Vice Mayor District 2 Amy Phan West Council Member District 1 Mark Nguyen Council Member District 3 NamQuan Nguyen Council Member District 4 Christine Cordon City Manager

# ATTACHMENT C

#### SUMMARY OF AGREED-UPON PROCEDURES REPORTS Orange County Local Transportation Authority Measure M2 Senior Mobility Program for the Year Ended June 30, 2024

City	Result	City Management Response
City of Buena Park (Buena Park)	One of four monthly reports tested was not submitted within 30 days of month end, as required.	Buena Park acknowledges the finding and has implemented procedures to ensure timely submissions moving forward.
City of Laguna Niguel	None	
City of Laguna Woods (Laguna Woods)	Laguna Woods misreported program expenditures on its expenditure report by including both the Measure M2 (M2) funded portion and the match portion of expenditures.	Management concurs and will report only the M2 funding portion in the expenditure report for fiscal year 2025.
City of San Juan Capistrano (San Juan Capistrano)	San Juan Capistrano misreported program expenditures on its expenditure report by including both the M2 funded portion and the match portion of expenditures.	Management concurs with the finding.
City of Mission Viejo (Mission Viejo)	Mission Viejo charged a total of \$22,114, or approximately 11 percent of total expenditures, in administrative costs, which exceeded the ten percent threshold set in the M2 Project U Senior/Disabled Program Funding Policy guidelines.	Exception noted. The number reported in the M2 report was understated because agency contributions were included as contribution credits. Mission Viejo initially reported \$196,252; the correct amount should have been \$221,140. To address this issue, Mission Viejo has changed the wa Cabco Yellow, Inc. (Cabco) invoices are processed. Cabco invoices will be processed using the full invoice amount, excluding contribution credits.
	One of four monthly reports tested was not submitted within 30 days of month end, as required.	Staff have been notified that monthly reports need to be submitted within 30 days of month end.

ATTACHMENT D

## ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

# MEASURE M2 SENIOR MOBILITY PROGRAM

## AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2024

## ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

## **MEASURE M2 SENIOR MOBILITY PROGRAM**

## AGREED-UPON PROCEDURES REPORTS

## Year Ended June 30, 2024

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, 2024. Please refer to the individual divider tab for our report on each Agency.

Buena Park

Laguna Niguel

Laguna Woods

**Mission Viejo** 

San Juan Capistrano





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

Board of Directors Orange County Local Transportation Authority and the Taxpayers Oversight Committee of the Orange County Local Transportation Authority 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 Buena Park's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2024. 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 evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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.

 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, 2024. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

<u>Findings</u>: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by fund, activity code, and account number. The City recorded its Senior Mobility Program expenditures in its General Fund (11), activity code (275325), and various account numbers. The City reported \$109,785 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U), which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

3. 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, 2024, 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 or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2024, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

<u>Findings</u>: The City received \$292,211 for the past three years fiscal years ended June 30, 2022, 2023, and 2024. We compared the fund balance of \$39,099 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$39,099; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$88,621 during the fiscal year ended June 30, 2024, 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 found 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.

<u>Findings</u>: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$1,174, which is calculated by taking the fund's ending cash balance and applying the proportionate rate of the SMP to the total fund against the total interest revenue. The City reported \$1,174 of interest income for the year ended June 30, 2024, which agreed to the City's Expenditure Report (Schedule 2, line 8 for Project U). Additionally, we inquired of City personnel and inspected the City's general ledger detail 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, 2024.

<u>Findings</u>: 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 and Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. The total match expenditures amounted to \$36,321 which was approximately 25% of the total expenditures of \$146,106 (M2 funded portion of \$109,785 and City's matching portion of \$36,321) 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 are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

<u>Findings</u>: We selected 25 Measure M2 Senior Mobility Program expenditures for inspection totaling \$45,788 representing approximately 42% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2024. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were used 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.

<u>Findings</u>: We inquired with 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 form of state ID. The City then verifies that the applicant is a resident of the City of Buena Park and are 60 years of age or older in accordance with the 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.

<u>Findings</u>: 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, 2024. 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. Determine whether Contractor was selected using a competitive procurement process.
  - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

<u>Findings</u>: Based on our inspection of the general ledger expenditure detail and through discussion with City personnel, the City did not contract with a third-party service provider for senior transportation services. No exceptions were noted as a result of our procedures.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.

<u>Findings</u>: We obtained and inspected the insurance coverage for the contractor, and determined that the requirements established in the Cooperative Agreement were met. 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 within 30 days after the end of the service month.

<u>Findings</u>: We sampled four monthly summary reports (August 2023, December 2023, March 2024, and May 2024). Orange County Local Transportation Authority (OCLTA) staff confirmed that reports were received on the following dates:

Reporting Month	Due Date	Date Received	<u>Days Late</u>
August 2023	September 30, 2023	September 13, 2023	-
December 2023	January 31, 2024	January 4, 2024	-
March 2024	April 30, 2024	May 6, 2024	6
May 2024	June 30, 2024	June 27, 2024	-

Through inspection, we determined that one out 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

Crowe LLP

Costa Mesa, California March 24, 2025

# CITY OF BUENA PARK, CALIFORNIA SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES Year ended June 30, 2024 (Unaudited)

	SCHE	EDULE A
Measure M2 Senior Mobility Program Expenditures:		
Indirect and/ or Overhead - Schedule 3, line 1	\$	-
Other Senior Mobility Project U		109,785
Total Measure M2 Senior Mobility Program Expenditures	\$	109,785

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



Exhibit 1

April 14, 2025

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 Buena Park as of and for the fiscal year ended June 30, 2024.

### Procedure # 11

Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.

<u>Findings</u>: We sampled four monthly summary reports (August 2023, December 2023, March 2024, and May 2024). Orange County Local Transportation Authority (OCLTA) staff confirmed that reports were received on the following dates:

Reporting Month	Due Date	Date Received	Days Late
August 2023	September 30, 2023	September 13, 2023	-
December 2023	January 31, 2024	January 4, 2024	-
March 2024	April 30, 2024	May 6, 2024	6
May 2024	June 30, 2024	June 27, 2024	-

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

#### City's Response:

The City acknowledges the finding and has implemented procedures to ensure timely submissions moving forward.

DocuSigned by: AAA A60CA453C3B349B

Aaron France, City Manager

-Signed by:

Sung Hyun

Sung Hyun, Director of Finance

DocuSigned by:

Jim Box

James Box, Director of Community Services





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

Board of Directors Orange County Local Transportation Authority and the Taxpayers Oversight Committee of the Orange County Local Transportation Authority 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 Niguel's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2024. 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 evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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.

 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, 2024. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

<u>Findings</u>: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by fund, department code, and object code. The City recorded its Senior Mobility Program expenditures in its Senior Transportation Fund (253) using a 2-digit object code, and 4-digit account code. The City reported \$77,730 in program expenditures on the Expenditure Report

(Schedule 2, line 21 for Project U), which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

3. 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, 2024, 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 or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2024, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

<u>Findings</u>: The City received \$314,823 for the past three years fiscal years ended June 30, 2022, 2023, and 2024. We compared the fund balance of \$476,799 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$476,799; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$107,401 during the fiscal year ended June 30, 2024, 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 found 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.

<u>Findings</u>: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$18,750, which was calculated by taking the monthly unspent cash balance and dividing it by the total adjusted monthly cash balance for all funds. This percentage of allocation is then multiplied by the total amount of interest to be allocated for all funds leaving the final interest allocated to the Senior Mobility Program. The City reported \$18,750 of interest income for the year ended June 30, 2024, which agreed to the City's Expenditure Report (Schedule 2, line 8 for Project U). Additionally, we inquired of City personnel and inspected the City's general ledger detail regarding fare collection methodologies. Eligible participants of the Senior Mobility Program must purchase travel vouchers from the City prior to their trip. 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, 2024.

<u>Findings</u>: 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 and Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. The total match expenditures amounted to \$20,215 which was approximately 21% of the total expenditures of \$97,945 (M2 funded portion of \$77,730 and City's matching portion of \$20,215) 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 are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

<u>Findings</u>: We selected 14 Measure M2 Senior Mobility Program expenditures for inspection totaling \$59,438 representing approximately 76% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2024. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were used 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.

<u>Findings</u>: We inquired with 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. The City then verifies that the applicant is a resident of the City of Laguna Niguel and is 60 years of age or older in accordance with the Senior/Disabled Program Funding Policy Guidelines and the Cooperative Agreement. The City provides a unique SMP ID for each approved participant to access the SMP services. 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.

<u>Findings</u>: Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, administrative costs totaling \$7,066, or 9% of the City's total Measure M2 Senior Mobility Program expenditures, were identified as Measure for the fiscal year ended June 30, 2024. 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. Determine whether Contractor was selected using a competitive procurement process.
  - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

<u>Findings</u>: Based on inquiry of City personnel, the City contracted with Cabco Yellow Inc., dba California Yellow Cab to provide senior transportation services under the Senior Mobility Program. From inspecting the Cabco Yellow Inc. 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 inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.

<u>Findings</u>: We obtained and inspected the insurance coverage for the contractor and determined that the requirements established in the Cooperative Agreement were met. 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 within 30 days after the end of the service month.

<u>Findings</u>: We sampled four monthly summary reports (August 2023, December 2023, March 2024, and May 2024). 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. No exceptions were found as a result of this procedure.

Reporting Month	Due Date	Date Received	<u>Days Late</u>
August 2023	September 30, 2023	September 20, 2023	-
December 2023	January 31, 2024	January 26, 2024	-
March 2024	April 30, 2024	April 10, 2024	-
May 2024	June 30, 2024	June 28, 2024	-

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

Crowe LLP

Costa Mesa, California March 24, 2025

#### CITY OF LAGUNA NIGUEL, CALIFORNIA SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES Year ended June 30, 2024 (Unaudited)

	SCHE	DULE A
Measure M2 Senior Mobility Program Expenditures:		
Indirect and/ or Overhead - Schedule 3, line 1	\$	-
Other Senior Mobility Project U		77,730
Total Measure M2 Senior Mobility Program Expenditures	\$	77,730

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





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

Board of Directors Orange County Local Transportation Authority and the Taxpayers Oversight Committee of the Orange County Local Transportation Authority 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 Woods' (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2024. 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 evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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.

 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, 2024. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences. <u>Findings</u>: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by fund, department, unit, and object code. The City recorded its Senior Mobility Program expenditures in its Senior Mobility Fund (410) and is identified by a 4-digit department, unit, and object code. The City reported \$377,600 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) for fiscal year 2024. However, after further inspection of the balances, we noted that the amount reported included the M2 funded portion of \$258,330 and the City's matching portion of \$119,270. The City should have only reported the M2 funded portion. No other exceptions were found as a result of this procedure.

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, 2024, 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 or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2024, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

<u>Findings</u>: The City received \$365,848 for the past three years fiscal years ended June 30, 2022, 2023, and 2024. We compared the fund balance from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of (\$20,688). The deficit was due to the City including the City's matching portion when reporting the expenditures in the Expenditure Report. Refer to Procedure #2 for the reporting finding. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$124,808 during the fiscal year ended June 30, 2024, 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 found 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.

<u>Findings</u>: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$13,680, which is calculated by allocating quarterly interest earned to the SMP fund based on the total percentage of cash held in the SMP fund as compared to the total City pool. The City reported \$13,680 of interest income for the year ending June 30, 2024, which agreed to the City's Expenditure Report (Schedule 2, line 8 for Project U). Additionally, we inquired of City personnel and inspected the City's general ledger detail regarding fare collection methodologies. Eligible participants of the Senior Mobility Program must purchase travel vouchers from the City prior to their trip. 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, 2024.

<u>Findings</u>: 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 and Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. The total match expenditures amounted to \$119,270 which was approximately 32% of the total expenditures of \$377,600 (M2 funded portion of \$258,330 and City's matching portion of \$119,270) 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 are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

<u>Findings</u>: We selected 13 Measure M2 Senior Mobility Program expenditures for inspection totaling \$258,330 representing 100% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2024. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were used 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.

<u>Findings</u>: We inquired with 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 form of state ID. The City then verifies that the applicant is a resident of the City of Laguna Woods and are 60 years of age or older in accordance with the 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.

<u>Findings</u>: 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, 2024. 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. Determine whether Contractor was selected using a competitive procurement process.
  - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

<u>Findings</u>: Based on inquiry of City personnel, the City contracted with Cabco Yellow Inc., dba California Yellow Cab to provide senior transportation services under the Senior Mobility Program. From inspecting the Cabco Yellow Inc. 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 inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.

<u>Findings</u>: We obtained and inspected the insurance coverage for the contractor, and determined that the requirements established in the Cooperative Agreement were met. 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 within 30 days after the end of the service month.

<u>Findings</u>: We sampled four monthly summary reports (August 2023, December 2023, March 2024, and May 2024). 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. No exceptions were found as a result of this procedure.

Due Date	Date Received	<u>Days Late</u>
September 30, 2023	September 30, 2023	-
January 31, 2024	January 30, 2024	-
April 30, 2024	April 29, 2024	-
June 30, 2024	June 28, 2024	-
	September 30, 2023 January 31, 2024 April 30, 2024	September 30, 2023         September 30, 2023           January 31, 2024         January 30, 2024           April 30, 2024         April 29, 2024

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

Crowe LLP

Costa Mesa, California March 27, 2025

#### CITY OF LAGUNA WOODS, CALIFORNIA SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES Year ended June 30, 2024 (Unaudited)

	SCH	EDULE A
Measure M2 Senior Mobility Program Expenditures:		
Indirect and/ or Overhead - Schedule 3, line 1	\$	-
Other Senior Mobility Project U		258,330
Total Measure M2 Senior Mobility Program Expenditures	\$	258,330

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



### City of Laguna Woods

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March 27, 2025

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 Woods as of and for the fiscal year ended June 30, 2024.

#### 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, 2024. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

<u>Findings</u>: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by fund, department, unit, and object code. The City recorded its Senior Mobility Program expenditures in its Senior Mobility Fund (410) and is identified by a 4-digit department, unit, and object code. The City reported \$377,600 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) for fiscal year 2024. However, after further inspection of the balances, we noted that the amount reported included the M2 funded portion and the City's matching portion. The actual SMP expenditures per the general ledger detail was \$377,600 (M2 funded portion of \$258,330 and the City's matching portion of \$119,270). No other exceptions were found as a result of this procedure.

<u>City's Response</u>: Management acknowledges the finding. The City will report only the M2 funding portion (net of the City's matching portion) on the next Expenditure Report for fiscal year 2025. The City will also make corrections to the beginning fund balance on the Expenditure Report for fiscal year 2025 by excluding the City's matching portion of \$119,270.

Christopher Macon City Manager

Elijat

Elizabeth Torres (Mar 27, 2025 19:00 PDT) Elizabeth Torres Administrative Services Director/City Treasurer





#### INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES CITY OF MISSION VIEJO

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 Mission Viejo's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2024. 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 evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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.

 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, 2024. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

<u>Findings</u>: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by fund, program, and account codes. The City recorded its Senior Mobility Program expenditures in its Senior Mobility Grant Fund (278), program code, and account code. The City reported \$196,252 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, 2024, 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 or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2024, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

<u>Findings</u>: The City received \$475,022 for the past three years fiscal years ended June 30, 2022, 2023, and 2024. We compared the fund balance of \$600,246 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$600,246; no difference was identified. We obtained Board reports for the extensions of SMP funds received in fiscal years 2021 and 2022 to five years. With these extensions, the City is compliant with timely use of funds requirements. We agreed payments received from OCLTA totaling \$149,820 during the fiscal year ended June 30, 2024, 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.

<u>Findings</u>: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$16,704, which is calculated by taking the average daily cash balance of the fund and applying the percentage allocation interest rates relative to total cash pool. The City reported \$16,704 of interest income for the year ended June 30, 2024, which agreed to the City's Expenditure Report (Schedule 2, line 8 for Project U). Additionally, we inquired with City personnel and inspected the City's general ledger detail regarding fare collection methodologies. The City did not charge fares for senior transportation services to City facilities. However, they charged \$20 for trips to/from John Wayne Airport and \$5 for all other one-way trips. 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, 2024.

<u>Findings</u>: 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 and Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. The total match expenditures amounted to \$50,070 which was approximately 20% of the total expenditures of \$246,322 (M2 funded portion of \$196,252 and City's matching portion of \$50,070) 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 are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

<u>Findings</u>: We selected 12 Measure M2 Senior Mobility Program expenditures for inspection totaling \$150,001 representing approximately 76% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2024. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were used 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.

<u>Findings</u>: We inquired with 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 form of state ID. The City then verifies that the applicant is a resident of the City of Mission Viejo and are 60 years of age or older in accordance with the 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.

<u>Findings</u>: Based on the Measure M2 Project U Senior Mobility Program Funding and Policy Guidelines, administrative cost up to 10 percent are allowed and considered eligible program expenses. However, through inspection of the City's general ledger expenditure detail, the City charged a total of \$22,114 or approximately 11% of the total expenditure population, in indirect and administrative overhead costs to the Measure M2 Senior Mobility Program. Therefore, the City exceeded the 10% threshold allowed by the Guidelines.

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

<u>Findings</u>: Based on inquiries with City personnel, the City contracted with CABCO Yellow, Inc., and Age Well Senior Services, Inc., to provide senior transportation services under the Senior Mobility Program. From inspection of the procurement supporting documentation, we found that both service providers were selected using a competitive procurement process. In addition, per inspection of the contracts, we found that both included language requiring that wheelchair accessible vehicles be made available and used as needed. No exceptions were found as a result of this procedure.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.

<u>Findings</u>: We obtained and inspected the insurance coverage for the contractor and determined that the requirements established in the Cooperative Agreement were met. 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 within 30 days after the end of the service month.

<u>Findings</u>: We sampled four monthly summary reports (August 2023, December 2023, March 2024, and May 2024). Orange County Local Transportation Authority (OCLTA) staff confirmed that reports were received on the following dates:

Reporting Month	Due Date	Date Received	Days Late
August 2023	September 30, 2023	November 3, 2023	34
December 2023	January 31, 2024	January 29, 2024	-
March 2024	April 30, 2024	April 29, 2024	-
May 2024	June 30, 2024	June 24, 2024	-

Through inspection, we determined that one out of the four reports were 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

Crowe LLP

Costa Mesa, California April 8, 2025

#### CITY OF MISSION VIEJO, CALIFORNIA SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES Year ended June 30, 2024 (Unaudited)

	SCHEDULE A		
Measure M2 Senior Mobility Program Expenditures:			
Indirect and/ or Overhead - Schedule 3, line 1	\$	-	
Other Senior Mobility Project U		196,252	
Total Measure M2 Senior Mobility Program Expenditures	\$	196,252	

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



## **City of Mission Viejo**

### Administrative Services Department

Bob Ruesch Mayor

Wendy Bucknum Mayor Pro Tem

Brian Goodell Council Member

Trish Kelley Council Member

**Cynthia Vasquez** *Council Member* 

April 8, 2025

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 Mission Viejo as of and for the fiscal year ended June 30, 2024.

#### 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.

<u>Findings</u>: Per discussion with the City's accounting personnel and through inspection of the general ledger expenditure detail, administrative costs totaling \$22,114, or approximately 11% of the City's total Measure M2 Senior Mobility Program expenditures, were identified for the fiscal year ended June 30, 2024. We found that the administrative costs exceeded the 10 percent threshold dictated in the Measure M2 SMP Guidelines. No other exceptions were found as a result of this procedure.

#### City's Response:

Exception noted. The number reported in the Measure M2 Report was understated because agency contributions were included as contribution credits. The City initially reported \$196,252, the correct amount should have been \$221,140. To address this issue the City has changed the way the CABCO invoices are processed. CABCO invoices will be processed using the full invoice amount, excluding contribution credits.

#### **Procedure #11**

Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.



## **City of Mission Viejo**

### Administrative Services Department

Bob Ruesch Mayor

Wendy Bucknum Mayor Pro Tem

Brian Goodell Council Member

Trish Kelley Council Member

**Cynthia Vasquez** *Council Member* 

<u>Findings</u>: We sampled four monthly summary reports (August 2023, December 2023, March 2024, and May 2024). Orange County Local Transportation Authority (OCLTA) staff confirmed that reports were received on the following dates:

Reporting Month August 2023 December 2023 March 2024 May 2024 <u>Due Date</u> September 30, 2023 January 31, 2024 April 30, 2024 June 30, 2024 
 Date Received
 Days Late

 November 3, 2023
 34

 January 29, 2024

 April 29, 2024

 June 24, 2024

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

#### City's Response:

Exception noted. City staff have been notified that monthly reports need to be submitted within 30 days of month end.

DocuSigned by:

4/8/2025

Elaine Lister, City Manager

4/8/2025

Ellis Chang, Director of Administrative Services

—DocuSigned by: Mark Nix

Ellis (hang

4/8/2025

Mark Nix, Director of Recreation & Community Services





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

Board of Directors Orange County Local Transportation Authority and the Taxpayers Oversight Committee of the Orange County Local Transportation Authority 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 San Juan Capistrano's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2024. 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 evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. 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.

 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, 2024. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

<u>Findings</u>: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by fund, department, and account number. The City recorded its Senior Mobility Program expenditures in its General Fund (001), department code (73000), a 5-digit account number, and a cost center code specific to the Senior Mobility Program (0632). The City reported \$98,726 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) for fiscal year

(Continued)

2024. However, after further inspection, we noted that this amount included the M2 funded portion and the City's portion. The actual total SMP expenditures per the general ledger detail was \$98,700 (M2 funded portion of \$78,981 and the City's matching portion of \$19,745). No other exceptions were found as a result of this procedure.

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, 2024, 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 or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2024, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

<u>Findings</u>: The City received \$196,139 for the past three years fiscal years ended June 30, 2022, 2023, and 2024. We compared the fund balance of \$79,210 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$79,210; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$66,912 during the fiscal year ended June 30, 2024, 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.

<u>Findings</u>: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$5,841 which is calculated by taking the fund's average quarterly balance and applying the proportionate rate of the SMP to the total fund against the total interest revenue. The City reported \$5,841 of interest income for the year ended June 30, 2024, which agreed to the City's Expenditure Report (Schedule 2, line 8 for Project U). Additionally, we inquired of City personnel and inspected the City's general ledger detail 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, 2024.

<u>Findings</u>: 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 and Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. The total match expenditures amounted to \$19,745 which was approximately 20% of the total expenditures of \$98,726 (M2 funded portion of \$78,981 and City's matching portion of \$19,745) 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 are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

<u>Findings</u>: We selected 22 Measure M2 Senior Mobility Program expenditures for inspection totaling \$74,955 representing approximately 95% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2024. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were used 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.

<u>Findings</u>: We inquired with 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 form of state ID. The City then verifies that the applicant is a resident of the City of San Juan Capistrano and are 60 years of age or older in accordance with the 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.

 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.

<u>Findings</u>: Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, administrative costs totaling \$8,975, or approximately 9% of the City's total Measure M2 Senior Mobility Program expenditures, were identified for the fiscal year ended June 30, 2024. 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. Determine whether Contractor was selected using a competitive procurement process.
  - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

<u>Findings</u>: Based on inquiry of City personnel, the City contracted with Age Well Senior Services, Inc. to provide senior transportation services under the Senior Mobility Program. From inspecting the Age Well Senior Service, Inc. 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 inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.

<u>Findings</u>: We obtained and inspected the insurance coverage for the contractor, and determined that the requirements established in the Cooperative Agreement were met. 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 within 30 days after the end of the service month.

<u>Findings</u>: We sampled four monthly summary reports (August 2023, December 2023, March 2024, and May 2024). 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. No exceptions were found as a result of this procedure.

Reporting Month	Due Date	Date Received	<u>Days Late</u>
August 2023	September 30, 2023	September 20, 2023	-
December 2023	January 31, 2024	January 29, 2024	-
March 2024	April 30, 2024	April 24, 2024	-
May 2024	June 30, 2024	June 20, 2024	-

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

Crowe LLP

Costa Mesa, California March 25, 2025

#### CITY OF SAN JUAN CAPISTRANO, CALIFORNIA SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES Year ended June 30, 2024 (Unaudited)

		SCHEDULE A		
Measure M2 Senior Mobility Program Expenditures:				
Indirect and/ or Overhead - Schedule 3, line 1	\$	-		
Other Senior Mobility Project U		78,981		
Total Measure M2 Senior Mobility Program Expenditures	\$	78,981		

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

32400 PASEO ADELANTO SAN JUAN CAPISTRANO, CA 92675 (949) 493-1171 (949) 493-1053 FAX www.sanjuancapistrano.org



MEMBERS OF THE CITY COUNCIL

TROY BOURNE JOHN CAMPBELL SERGIO FARIAS HOWARD HART JOHN TAYLOR

March 25, 2025

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 San Juan Capistrano as of and for the fiscal year ended June 30, 2024.

#### 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, 2024. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

<u>Findings</u>: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by fund, department, and account number. The City recorded its Senior Mobility Program expenditures in its General Fund (001), department code (73000), a 5-digit account number, and a cost center code specific to the Senior Mobility Program (0632). The City reported \$98,726 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) for fiscal year 2024. However, after further inspection, we noted that this amount included the M2 funded portion and the City's portion. The actual total SMP expenditures per the general ledger detail was \$98,700 (M2 funded portion of \$78,981 and the City's matching portion of \$19,745). No other exceptions were found as a result of this procedure.

City's Response:

The City concurs with the auditor's finding.

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Ken Al-Imam, Chief Financial Officer



April 23, 2025

То:	Finance and Administration Committee
From:	Darrell E. Johnson, Chief Executive Officer
	Janet Sutter, Executive Director

**Subject:** Orange County Local Transportation Authority Report on Compliance with the Measure M2 Ordinance, Year Ended June 30, 2024

#### Overview

Crowe LLP, an independent accounting firm, has issued results of its audit of the Orange County Local Transportation Authority's compliance with the Measure M2 Ordinance for the year ended June 30, 2024. The auditors found that the Orange County Local Transportation Authority complied, in all material respects, with the compliance requirements of the Measure M2 Ordinance for the year ended June 30, 2024. In addition, no reportable deficiencies in internal control over compliance were identified.

#### Recommendations

- A. Receive and file as an information item.
- B. Approve a request from the Measure M2 Taxpayer Oversight Committee to conduct Measure M2 compliance audits on an annual basis. If approved, authorize an increase in contract budget of \$400,000 for fiscal years 2024-25 and 2025-26 under Agreement No. C-3-2931 with Crowe LLP, increasing the maximum obligation to \$2,185,500.

#### Background

As spelled out in the Orange County Local Transportation Authority (OCLTA) Measure M2 (M2) Ordinance, the Taxpayer Oversight Committee (TOC) is responsible for reviewing annual audits, along with other materials, and holding an annual public hearing to determine whether the OCLTA is proceeding in accordance with the M2 Ordinance. In addition, following the public hearing, the TOC Chairperson is required to annually certify whether revenues have been

#### Orange County Local Transportation Authority Report on Page 2 Compliance with the Measure M2 Ordinance, Year Ended June 30, 2024

spent in compliance with the M2 Ordinance. The TOC Chairperson has communicated that a compliance audit by an independent accounting firm is required to provide his annual certification.

In September 2023, the TOC voted to make a request to the OCTA Board of Directors (Board) to contract with an independent accounting firm for provision of a limited compliance audit for the fiscal year (FY) 2022-23 and full compliance audits starting in FY 2023-24.

On October 9, 2023, the Board approved the TOC's request for a limited audit for FY 2022-23 and a full compliance audit for FY 2023-24.

#### Discussion

Crowe LLP (auditors) conducted the audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, and the M2 Ordinance. The objectives of the audit were to obtain reasonable assurance about whether material noncompliance with the M2 Ordinance occurred and express an opinion on compliance based on the audit.

The auditors found that OCLTA complied, in all material respects, with the compliance requirements of the M2 Ordinance and no reportable deficiencies in internal control over compliance were identified.

The Board is also being asked to consider the TOC's outstanding request for the conduct of a full compliance audit on an annual basis going forward. Agreement No. C-3-2931 with the auditors includes optional pricing for these compliance audits at a cost of \$200,000 per year for the next two years and \$225,000 per year for the following two years.

#### Summary

The auditors have issued the OCLTA Report on Compliance with the Measure M2 Ordinance for the year ended June 30, 2024. The Board is being asked to authorize this audit on an annual basis, as requested by the TOC.

Orange County Local Transportation Authority Report on *Page 3* Compliance with the Measure M2 Ordinance, Year Ended June 30, 2024

#### Attachment

A. Independent Auditor's Report on Compliance with the Measure M2 Ordinance and Report on Internal Control over Compliance

Approved by:

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



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE MEASURE M2 ORDINANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Directors Orange County Local Transportation Authority Orange, California

#### Report on Compliance with the Measure M2 Ordinance

We have audited Orange County Local Transportation Authority's ("OCLTA") compliance with the types of requirements described in the Orange County Local Transportation Authority, Ordinance No. 3 (the "Ordinance" or "M2 Ordinance"), that could have a direct and material effect on OCLTA's compliance with the Ordinance for the year ended June 30, 2024.

In our opinion, OCLTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Ordinance for the year ended June 30, 2024.

#### Basis for Opinion on the Ordinance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Ordinance. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of OCLTA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance. Our audit does not provide a legal determination of OCLTA's compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Ordinance.

#### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on OCLTA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Ordinance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about OCLTA's compliance with the requirements of the Ordinance.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Ordinance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design
  and perform audit procedures responsive to those risks. Such procedures include examining, on a
  test basis, evidence regarding OCLTA's compliance with the compliance requirements referred to
  above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of OCLTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Ordinance, but not for the purpose of expressing an opinion on the effectiveness of OCLTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance that we fit to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Crowe LLP

Los Angeles, California April 11, 2025



#### April 23, 2025

To:	Finance and	l Administ	ration Co	ommittee

- From: Darrell E. Johnson, Chief Executive Officer
- *Subject:* Orange County Transportation Authority Fiscal Year 2025-26 Budget Workshop Preview

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#### Overview

The Orange County Transportation Authority is developing the fiscal year 2025-26 proposed budget, which identifies available revenues and costs associated with providing transportation services and programs for Orange County. The fiscal year 2025-26 proposed budget will be reviewed in detail during an informal workshop following the May 12, 2025, Orange County Transportation Authority Board of Directors meeting.

#### Recommendation

Review the fiscal year 2025-26 proposed budget in a workshop setting following the regularly scheduled Orange County Transportation Authority Board of Directors meeting on May 12, 2025.

#### Discussion

The preparation of the Orange County Transportation Authority's (OCTA) fiscal year (FY) 2025-26 proposed budget (proposed budget) began in December 2024 with the development of revenue and expense projections as well as goals for each of OCTA's programs and services. The goals for each of the programs and services included in the proposed budget are consistent with OCTA's Strategic Plan, Comprehensive Business Plan, Next 10 Delivery Plan, and the Board of Directors (Board) and Chief Executive Officer (CEO) 2025 Initiatives.

Each of OCTA's divisions submitted their proposed budget requests in January, which were then subject to internal reviews. The proposed budget was reviewed by a CEO-appointed internal budget review committee, consisting of the Deputy CEO, Chief Financial Officer, and Executive Director of People and Community Engagement, to ensure a balanced and fiscally responsible budget is delivered.

#### Orange County Transportation Authority Fiscal Year 2025-26 Page 2 Budget Workshop Preview

The development of the proposed budget was predicated on a set of programmatic assumptions discussed with the Finance and Administration Committee on March 26, 2025, that support the 2025 Board and CEO Initiatives. This discussion encapsulated the fundamental principles and assumptions guiding the budgeting process for key OCTA programs, including Measure M2 (M2), bus, commuter rail, local rail, motorist services, and express lanes.

Despite the uncertain economic outlook, OCTA's financial position remains stable. OCTA maintains strong reserve levels in alignment with the Board-approved reserve policy. The reserve policy is the result of thoughtful financial stewardship and puts OCTA in a good position heading into uncertain economic times. The reserves act as a safeguard against unexpected economic fluctuations, ensuring that OCTA's programs and projects continue to receive funding into the future.

Given the ongoing fluctuations in sales tax receipts, the FY 2025-26 budget includes conservative sales tax projections for both the M2 and Local Transportation Fund sales taxes. The budget assumes no growth in either sales tax for FY 2025-26.

The proposed budget presents a balanced financial plan, detailing the sources and uses of funds. It reflects a judicious mix of new revenues and the strategic use of previously designated funds, ensuring fiscal stability without resorting to deficit spending. Previously designated funds, also known as planned uses of prior year designations, are funds set aside (designated) in prior FYs to be utilized in the current FY.

The combination of estimated revenues and planned uses of prior year designations produces available funding of \$1,744.4 million, while proposed expenditures and designations yield a total use of funds of \$1,744.4 million. On a year-over-year comparison to the FY 2024-25 approved budget, the proposed budget is \$12.2 million less than the FY 2024-25 approved budget.

The proposed budget for the M2 Program delineates a clear roadmap for the enhancement of transportation infrastructure across the County. This includes executing the M2 Next 10 Delivery Plan as promised and ensures that vital projects remain on course. The M2 Program supports ongoing enhancements in freeways, streets, and roads, while also funding vital transit initiatives.

Significant funding is allocated for freeway improvements, particularly on State Routes 55 and 91 and Interstate 5, reflecting the promise to deliver on the M2 Next 10 Delivery Plan. Additionally, there is continued investment in both

local and regional traffic infrastructure as well as transit programs including Metrolink and the OC Streetcar.

The proposed budget extends OCTA's commitment to funding for cities and the County. Funding continues for the Local Fair Share Formula Program, Regional Capacity Program, and the Regional Traffic Signal Synchronization Program. This funding supports a broad spectrum of projects and sustains the momentum of infrastructure improvements throughout the County.

The proposed budget outlines a methodical plan for transit services, with a clear focus on enhancements and sustainability. For the OC Bus Program, the proposed budget supports an increase of service of four percent to 1.62 million service hours, with approximately 60 percent of these hours directly operated by OCTA and the remaining 40 percent provided by contractors. The proposed budget also supports ongoing investments in zero-emission buses and related infrastructure.

Under regional rail, the proposed budget supports the Metrolink rail optimization plan with service levels expected to align with Metrolink's current service levels. For local rail, the proposed budget includes funding for the completion of the OC Streetcar along with the commencement of pre-revenue activities and operational service set to begin in spring 2026.

The express lanes budget anticipates solid performance from the 91 Express Lanes, which continues to meet the goal of maximizing throughput through the State Route 91 corridor. The proposed budget anticipates a 3 million trip increase in traffic volumes, reaching 23 million trips. The 405 Express Lanes are forecasted to reach 71.5 million trips in FY 2025-26 over the five ingress/egress points in the Interstate 405 corridor, which is an increase of 3.4 million trips from the current year-end estimate.

With Board direction, staff will present the proposed budget in detail in an informal workshop setting on May 12, 2025. The presentation will include a discussion of specific program goals and objectives, proposed staffing plan, and the sources and uses of funds planned to meet specified program goals. The presentation will be solely informational for the Board. No public hearing will be held at the meeting, nor will the Board be asked to vote on the proposed budget at the meeting. A public hearing for the proposed budget is scheduled to occur at the June 9, 2025, Board meeting, after which staff anticipates seeking Board approval of the proposed budget.

#### Summary

A detailed proposed budget workshop is scheduled for the Board on May 12, 2025, during the OCTA Board meeting. This session aims to provide the Board with comprehensive information on the proposed budget. No public hearing or voting will occur at this meeting. A subsequent public hearing and the anticipated budget approval will take place during the June 9, 2025, Board meeting.

#### Attachment

A. Orange County Transportation Authority Fiscal Year 2025-26 Budget Workshop Preview

Prepared by:

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Approved by:

Andrew Oftelie Chief Financial Officer, Finance and Administration (714) 560-5649

# **Orange County Transportation** Authority Fiscal Year 2025-26 **Budget Workshop Preview**



# **Budget Themes**



### Guarded Economic Outlook

- Sales tax receipts softening
- Budget uncertainty at state level
- Some federal funding uncertainty
- Preserving healthy reserve balances



### Sustainable & Resilient Priorities

- Ongoing zero-emission bus and infrastructure investment
- Continuing coastal rail resiliency planning and project implementation

Consistent Express Lanes Operations

- 91 Express Lanes continues meeting commitments
- 405 Express Lanes continues meeting commitments

Expanded Transit Offerings

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 Additional OC Bus service to meet increasing demand

 Commencing OC Streetcar revenue service activities

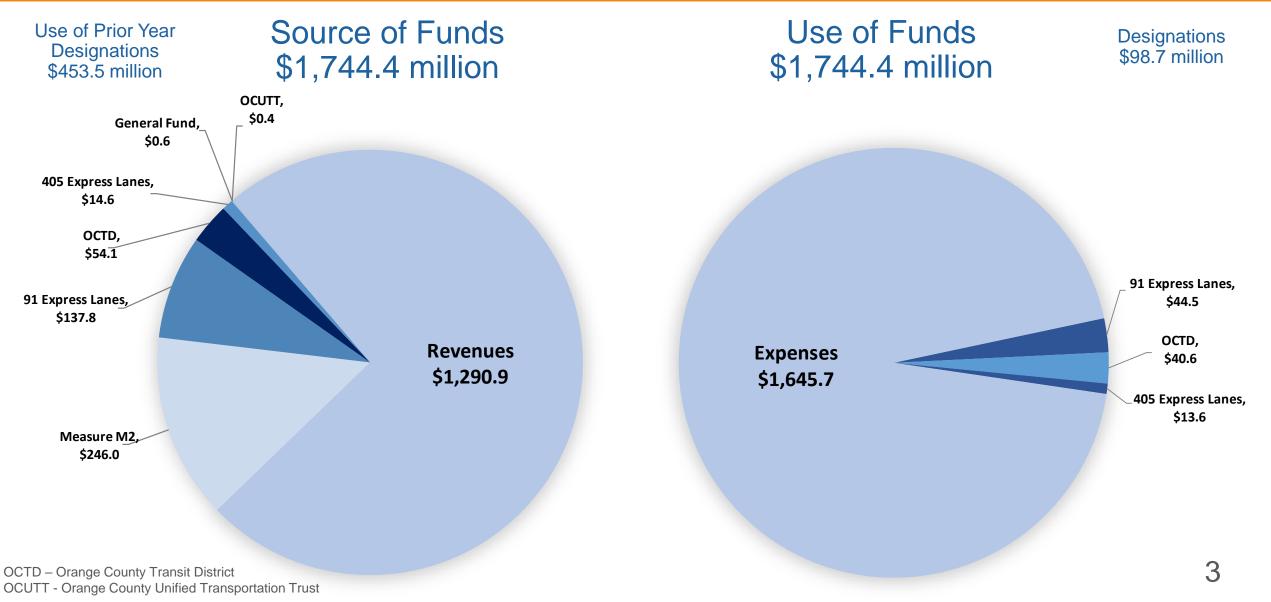
 Continuing Metrolink rail service



### Delivering on Measure M2 (M2) Commitment

- M2 Next 10 Delivery Plan programs and projects on track as promised
- Formula & competitive programs continue to support needs of cities and County

# **Budget Overview**



# Budget Sources & Uses

	FY	2024-25	FY	2025-26		
In Millions	Ap	oproved	Proposed		Change	
Sources	E	Budget	E	Budget		\$
Revenues	\$	1,403.8	\$	1,290.9	\$	(112.9)
Use of Prior Year Designations		352.8		453.5		100.7
Total Revenue / Use of Designations	\$	1,756.6	\$	1,744.4	\$	(12.2)
Uses						
Salaries and Benefits	\$	212.0	\$	221.2	\$	9.2
LOSSAN Funded Salaries and Benefits		4.5		4.7		0.2
Services and Supplies		469.0		475.8		6.8
Contributions to Other Agencies		227.2		227.9		0.7
Interest/Debt Service		75.3		65.9		(9.4)
Capital		672.1		650.2		(21.9)
Designations		96.5		98.7		2.2
<b>Total Expenditures / Designations</b>	\$	1,756.6	\$	1,744.4	\$	(12.2)

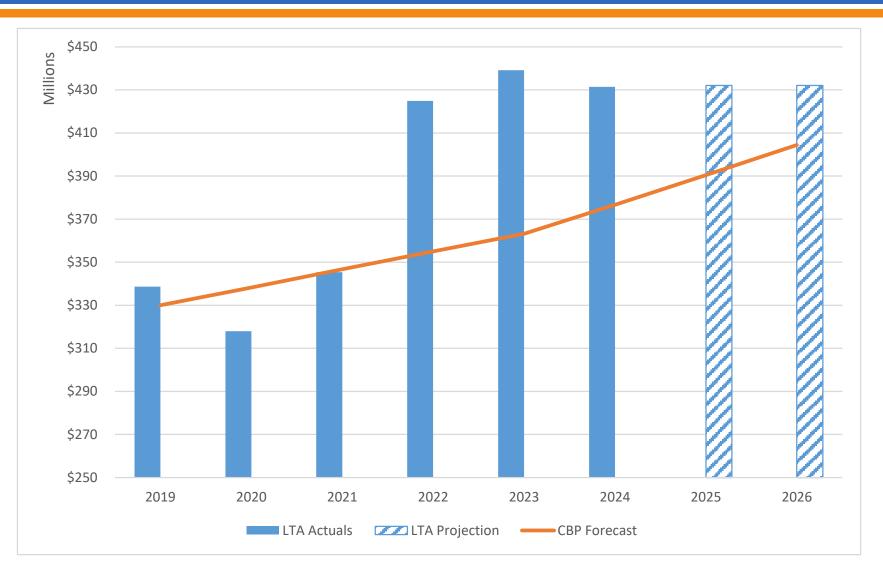
FY –Fiscal Year

LOSSAN - Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency

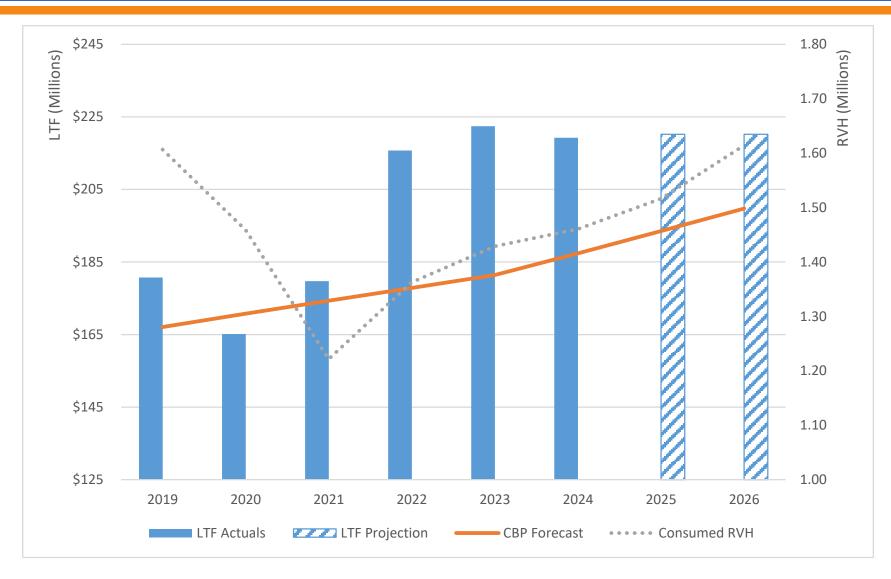
In Millions Sales Tax	LTA	LTF
FY 2023-24 Actuals	\$ 431.4	\$ 219.2
FY 2024-25 Approved Budget	441.9	222.2
FY 2024-25 Year-End Estimate	432.1	220.2
FY 2025-26 Sales Tax Growth Rate	0.0%	0.0%
FY 2025-26 Proposed Budget	\$ 432.1	\$ 220.2

LTA - Local Transportation Authority LTF – Local Transportation Fund

# LTA Sales Tax Revenue History



# LTF Sales Tax Revenue History



RVH – Revenue Vehicle Hours

OCTA Staffing	FY 2024-25 Full-time Equivalent	FY 2025-26 Full-time Equivalent	FY 2025-26 New Hires	FY 2025-26 Reductions	Difference
Administrative*	532.5	536.5	4.0	-	4.0
Union	798.0	825.0	27.0	-	27.0
Coach Operators**	599.0	626.0	27.0	-	27.0
Maintenance	158.0	158.0	-	-	-
Facility Technicians and Parts Clerks	41.0	41.0	-	-	-
OCTA Positions	1,330.5	1,361.5	31.0	-	31.0
LOSSAN Funded OCTA Positions	18.0	18.0	-	-	-
<b>Total Authority Positions</b>	1,348.5	1,379.5	31.0	-	31.0

\*11 administrative positions on hold for future consideration

\*\*Additional coach operators for increased bus service and reduced overtime budget

OCTA - Orange County Transportation Authority

# **Employee Compensation Assumptions**

- Employees Subject to Collective Bargaining Agreement
  - Coach Operators (626 employees)
    - Collective bargaining agreement effective through April 30, 2027
  - Maintenance (158 employees)
    - Collective bargaining agreement effective through September 30, 2025
  - Facilities technicians and parts clerks (41 employees)
    - Collective bargaining agreement effective through March 31, 2027
- Administrative Employees (536.5 + 18 LOSSAN employees)
  - Employees are not represented by a union
  - Compensation governed by the Personnel and Salary Resolution, which is approved annually as part of the budget
  - Salary grade ranges are developed based upon scope, level of work performed, and external market data

# Personnel and Salary Resolution

- Pertaining to Administrative employees
  - Employees are at-will and not represented by a union
  - Administrative employees do not receive cost-of-living adjustments, step increases, or automatic increases of any type
- Merit Pool of 4 percent
  - Salary increases are based on a pay-for-performance program
  - Every employee has a performance plan and receives an annual performance review
  - Base-building adjustment to annual salary
- Bonus Pool of 4 percent
  - Non-base building does not increase annual salary
  - Bonuses are given throughout the year for specific, exceptional performance in a defined goal area
  - Part of employee rewards and recognition strategy

# Next Steps

<ul> <li>Budget Workshop Presentation – Board</li> </ul>	May 12
<ul> <li>Committee meetings and one-on-one meetings with Board Members</li> </ul>	May 13 - June 8
<ul> <li>Public Hearing Preview – Finance &amp; Administration Committee</li> </ul>	May 28
<ul> <li>Public Hearing – Board (Public Hearing and approval)</li> </ul>	June 9
<ul> <li>Back-up Public Hearing – Board (Public Hearing and approval)</li> </ul>	June 23

Board – Board of Directors



# Measure M2 Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), Series 2025 Pricing Summary



## **Transaction Timeline**

Date	Event	
October 14, 2024	<b>Board Direction</b> to Pursue Refunding of Outstanding Measure M (M2) Sales Tax Revenue Bonds, Series 2010A BABs	
November – December 2024	Assembled Financing Team	
February 12, 2025	F&A Committee Approval of Financing & Financing Documents	
February 13-14, 2025	Rating Agency Meetings <ul> <li>Fitch</li> <li>S&amp;P</li> </ul>	
February 24, 2025	Board Approval of Financing & Financing Documents	
February 25-26, 2025	Ratings Received <ul> <li>S&amp;P: AAA (Upgrade)</li> <li>Fitch: AA+</li> </ul>	
February 27, 2025	Distributed POS to Investors & Market Series 2025 Bonds	
March 4, 2025	Series 2025 Bond Pricing	
March 26, 2025	Series 2025 Bond Closing Redeemed Series 2010A Bonds	
E	October 14, 2024         November – December 2024         February 12, 2025         February 13-14, 2025         February 24, 2025         February 25-26, 2025         February 27, 2025         March 4, 2025	

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- S&P: <u>Upgraded</u> M2 Sales Tax Bonds from AA+ to <u>AAA</u>
- Rationale
  - Enhanced financial covenants through amended Additional Bonds Test and expectations for strong debt service coverage ratios over life of bonds

Healthy Orange County economic fundamentals

- Fitch: Maintained M2 Sales Tax Bonds at AA+
- Rationale
  - $\circ$  Fitch rating criteria limits rating on sales tax bonds to OCTA's assigned "Issuer" rating
  - Fitch analyzes the entirety of OCTA financial operations and not just the "Local Transportation Authority" component unit

OCTA - Orange County Transportation Authority's

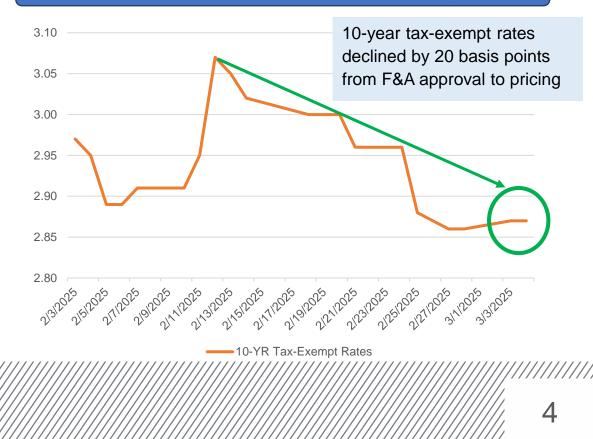
# Captured Favorable Market Conditions for Refinancing

 Cost of the BAB call price is driven by taxable treasury rates over a "lookback" period from early February 2025



 Cost of the refunding Series 2025 Bonds is driven by tax-exempt rates on the March 4 pricing date

### **10-YR Tax-Exempt Rates Since February 2025**



# Series 2025 Bonds: Financing Objectives Achieved

## □ Refinance the Series 2010A Bonds (BABs)

- ✓ Exercised extraordinary optional redemption provision
- ✓ Outstanding Series 2010A par of \$245,480,000 will be redeemed at financial close (March 26)

### □ Achieve at least present value neutral debt service costs

- ✓ All-in borrowing cost: <u>3.04 percent</u>
- ✓ Total cashflow gross savings: over <u>\$13.0 million</u>
- ✓ Net present value savings: over <u>\$10.5 million</u>, or <u>4.3 percent</u> of the refunded bonds (above OCTA's Debt Policy threshold)

## □ Maintain and enhance prudent debt portfolio characteristics

- ✓ Tax-exempt, fixed-rate bonds with February 2041 final maturity
- ✓ Debt portfolio optionality enhanced with standard tax-exempt ten-year call feature

✓ Federal sequestration risk eliminated

# Investor Demand for OCTA Bonds

- Underwriting syndicate led by Bank of America Securities
- Investors submitted \$625 million of total orders

   \$228 million of Series 2025 Bonds offered
   Approximately 2.75x oversubscribed
- The strong investor demand allowed OCTA to lower the final yields on the Series 2025 Bonds by up to 6 basis points at the end of the order period
- OCTA secured final yields lower than other highly-rated transportation agencies that have entered the market in recent weeks

#### **Top Investors for the Series 2025 Bonds**

1.	Goldman Sachs Asset Management	\$ 143,315
2.	Nuveen Asset Management, LLC	101,280
3.	Blackrock SMA	65,725
4.	Parametric Portfolio Associates, Inc.	51,000
5.	UBS Global Asset Management	33,410
6.	Lord Abbett	32,310
7.	Bessemer Trust Company N.A.	30,745
8.	PIMCO Advisors L.P.	29,350
9.	J.P. Morgan Asset Management	23,690
10	Rockefeller Financial	20,470

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