



AGENDA

Finance and Administration Committee Meeting

Committee Members

Michael Hennessey, Chairman
Steve Jones, Vice Chairman
Brian Goodell
Patrick Harper
Gene Hernandez
Joseph Muller

Orange County Transportation Authority
Headquarters
Conference Room 07
550 South Main Street
Orange, California

Wednesday, March 24, 2021 at 10:30 a.m.

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, telephone (714) 560-5676, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

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.

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.

Guidance for Public Access to the Board of Directors/Committee Meeting

On March 12, 2020 and March 18, 2020, Governor Gavin Newsom enacted Executive Orders N-25-20 and N-29-20 authorizing a local legislative body to hold public meetings via teleconferencing and make public meetings accessible telephonically or electronically to all members of the public to promote social distancing due to the state and local State of Emergency resulting from the threat of Novel Coronavirus (COVID-19).

In accordance with Executive Order N-29-20, and in order to ensure the safety of the OCTA Board of Directors (Board) and staff and for the purposes of limiting the risk of COVID-19, in-person public participation at public meetings of the OCTA will not be allowed during the time period covered by the above-referenced Executive Orders.

Instead, members of the public can listen to AUDIO live streaming of the Board and Committee meetings by clicking the below link:

<http://www.octa.net/About-OCTA/Who-We-Are/Board-of-Directors/Live-and-Archived-Audio/>



**Guidance for Public Access to the Board of Directors/Committee Meeting
(Continued)**

Public comments may be submitted for the upcoming Board and Committee meetings by emailing them to ClerkOffice@octa.net.

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.

In order to ensure that staff has the ability to provide comments to the Board Members in a timely manner, please submit your public comments **30 minutes prior to the start time of the Board and Committee meeting date.**

Call to Order

Roll Call

Pledge of Allegiance

Director Muller

1. Public Comments

Special Calendar

There are no Special Calendar matters.

Consent Calendar (Items 2 through 7)

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

Approval of the minutes of the Finance and Administration Committee meeting of March 10, 2021.



3. Orange County Local Transportation Authority Measure M2 Maintenance of Effort, Agreed-Upon Procedures Report, City of Santa Ana, Year Ended June 30, 2020

Janet Sutter

Overview

Eide Bailly LLP, an independent accounting firm, has applied agreed-upon procedures related to Measure M2 maintenance of effort expenditures by the City of Santa Ana, for the fiscal year ended June 30, 2020.

Recommendation

Direct staff to monitor implementation of corrective action by the City of Santa Ana.

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

Janet Sutter

Overview

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

Recommendation

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



5. Amendment to Agreement for Financial Advisory Services

Robert Davis/Andrew Oftelie

Overview

On April 23, 2018, the Orange County Transportation Authority Board of Directors approved an agreement with Sperry Capital, Inc., to provide financial advisory services for a three-year initial term and one, two-year option term. Board of Directors' approval is requested to exercise the option term effective May 1, 2021 through April 30, 2023.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-7-2137 between the Orange County Transportation Authority and Sperry Capital, Inc., to exercise the option term of the agreement, to extend the term through April 30, 2023 and increase the amount by \$400,000, for a total contract value of \$1,065,000, to provide continued financial advisory services.

6. Orange County Transportation Authority Investment and Debt Programs Report - February 2021

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, 2021. 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.



7. **Approval to Sell Surplus Land**

Joe Gallardo/James G. Beil

Overview

As part of the Measure M2 Freeway Environmental Mitigation Program, the Orange County Transportation Authority acquired the Trabuco Rose Preserve, formerly Ferber Ranch, to be maintained in perpetuity as a conservation property. A small portion of the Trabuco Rose Preserve, determined to have no biological value, is recommended to be sold as surplus land to an adjacent property by the Orange County Transportation Authority; therefore, staff is seeking approval to sell a portion of the Trabuco Rose Preserve as surplus land under the Surplus Land Act (Government Code Section 54220 et seq.).

Recommendations

- A. Declare the 0.36-acre parcel located within the Trabuco Rose Preserve as surplus land, pursuant to Government Code Section 54221(b), that is no longer necessary for the Orange County Transportation Authority's use.
- B. Direct staff to sell the surplus land parcel located within the Trabuco Rose Preserve.
- C. Authorize the Chief Executive Officer to execute the necessary documents to complete the sale of the surplus land for the offer price of \$13,400.

Regular Calendar

8. **Annual Insurance Program Review**

Al Gorski/Maggie McJilton

Overview

The Orange County Transportation Authority purchases various insurance coverage protection including workers' compensation, liability, property, business interruption, and cyber losses. The Orange County Transportation Authority contracts with insurance brokers for the marketing and placement of these coverages. This staff report provides an annual review of all major Orange County Transportation Authority insurance policies, including coverage and marketing strategies used to protect its assets.



8. (Continued)

Recommendation

Receive and file as an information item.

Discussion Items

9. Fiscal Year 2021-22 Budget Assumptions

Victor Velasquez/Andrew Oftelie

Staff is in the process of developing the fiscal year 2021-22 annual budget. Staff will be presenting revenue and expenditure assumptions for the committee's consideration.

10. Chief Executive Officer's Report

11. Committee Members' Reports

12. Closed Session

There are no Closed Session items scheduled.

13. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, April 14, 2021**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.



MINUTES

Finance and Administration Committee Meeting

Committee Members Present Via Teleconference:

Michael Hennessey, Chairman
Steve Jones, Vice Chairman
Brian Goodell
Patrick Harper
Gene Hernandez
Joe Muller

Staff Present

Jennifer L. Bergener, Deputy Chief Executive Officer
Gina Ramirez, Deputy Clerk of the Board
Sahara Meisenheimer, Deputy Clerk of the Board

Via Teleconference:

Andrew Oftelie, Chief Financial Officer
James Donich, General Counsel

Committee Members Absent

None

Staff Absent

Darrell E. Johnson, Chief Executive Officer

The March 10, 2021, regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chairman Hennessey at 10:30 a.m.

Roll Call

The Deputy Clerk of the Board conducted an attendance Roll Call and announced a quorum of the F&A Committee.

Pledge of Allegiance

Director Harper led in the Pledge of Allegiance.

1. Public Comments

There were no Public Comments.

Special Calendar

2. Investment Management Presentation

Andy Oftelie, Chief Financial Officer (CFO), provided opening comments and introduced Sarah Meacham, Richard Babbe, and Ken Schiebel from PFM Asset Management, LLC, who co-presented a PowerPoint presentation.

A discussion ensued regarding:

- 10-year tenure treasury;
- Fitch and Moody's has rated the US government at AAA;
- Hold the investments to maturity; and
- On balance – most investments are not held through maturity.



Consent Calendar (Items 3 and 4)

3. Approval of Minutes

A motion was made by Director Hernandez, seconded by Committee Chairman Hennessey, and following a roll call vote, declared passed 6-0, to approve the minutes of the Finance and Administration Committee meeting of February 24, 2021.

4. Local Transportation Fund Claims for Fiscal Year 2021-22

Committee Chairman Hennessey pulled this item and requested Andrew Oftelie, CFO, provide a short overview of this item for the new Committee members.

A motion was made by Committee Chairman Hennessey, seconded by Director Muller, and following a roll call vote, declared passed 6-0, to adopt Orange County Transit District Resolution No. 2021-013 authorizing the filing of Local Transportation Fund claims, in the amounts of \$152,727,401 to support public transportation and \$8,094,904 for community transit services.

Regular Calendar

5. Transportation Infrastructure Finance and Innovation Loan Interest Rate Reset Form of Financing Documents

Andrew Oftelie, Chief Financial Officer (CFO), discussed the following on this item:

- Background on why the Orange County Transportation Authority (OCTA) has this loan.
- The Interstate 405 (I-405) freeway and using Measure M funds on Transportation Infrastructure Finance and Innovation Act (TIFIA) loan of \$629 million loan and OCTA has drawn \$287 million on the loan and are paying a fixed rate of 2.91 percent.
- Staff is recommending the Committee to approve the necessary documents to terminate the existing loan and establish a new loan with the Build America Bureau (Bureau) that administers TIFIA loans.
- OCTA would pay back the Bureau and establish a new loan at whatever the 30-year treasuries plus one basis point, then draw from the amount OCTA already had outstanding.



5. (Continued)

- At the time, OCTA looked at using toll revenue bonds and compared that to a loan from the Bureau. The payment term was more flexible, and it was a lower rate.
- The weight is not a negotiable number. Benefits at the time the Board had to approve allowed for important policy decisions.
- TIFIA loan is a crucial part of the I-405 project.
- The interest rate is at a historically low rate. The Bureau doesn't have a process in place for a straight re-financing. OCTA has worked with the Bureau, and there will be no other changes with the terms of the loan.
- Asking Committee to approve three documents:
 - 1) To Terminate existing loan
 - 2) New loan documents
 - 3) Supplemental documents
- Bond Counsel is online to answer questions.

Committee Chairman Hennessey inquired if the new loan is concurrent with old loan.

Barney Allison, Nossaman, LLP responded a three day notice period would be in place before the Bureau can close on loan.

Director Muller expressed his concern on holding OCTA's loan open simultaneously when the new loan is open.

Mr. Oftelie, CFO, responded that OCTA would not close off the ability to obtain new funds until the old loan is closed. Both will happen concurrently during the three days, and staff will have to send the money that is owed on the old loan to start a new loan.

Director Harper inquired about how the interest rates are moving and asked if it is essential to have a Special Board Meeting.

Mr. Oftelie, CFO, stated that it would be a good idea if the Bureau were ready. However, the March 22nd Board meeting date is acceptable.

5. (Continued)

A motion was made by Director Muller, seconded by Director Hernandez, and following a roll call vote, declared passed 6-0, to:

- A. Approve the substantially final form of the Transportation Infrastructure Finance and Innovation Act Loan Agreement between the Orange County Transportation Authority and the United States Department of Transportation for up to \$628.9 million, the substantially final form of the Second Supplemental Indenture by and between the Orange County Transportation Authority and the Trustee, and the substantially final form of the Loan Pay-off and Termination Agreement between the Orange County Transportation Authority and the United States Department of Transportation.
- B. Authorize the Chief Executive Officer to negotiate and execute a final Transportation Infrastructure Finance and Innovation Act Loan Agreement, Second Supplemental Indenture, and Loan Payoff and Termination Agreement.
- C. Authorize the Chairman, Vice Chairman, Chief Executive Officer, Chief Financial Officer, Director of Finance and Administration, and Department Manager of Treasury and Public Finance to sign all documents related to the Transportation Infrastructure Finance and Innovation Act loan, including the Transportation Infrastructure Finance and Innovation Act Loan Agreement, the Second Supplemental Indenture, Loan Pay-off and Termination Agreement, and any certificates, notices, receipts, or agreements in connection with the foregoing.

Discussion Items

6. Chief Executive Officer's Report

Jennifer L. Bergener, Deputy Chief Executive Officer, reported on the following:

Transit Planning Public Meetings-

- On March 9th, OCTA hosted three public meetings to get feedback from bus customers on the June service change and future transit planning efforts. Ms. Bergener stated last night's meeting was conducted in English, and staff collected good feedback from the nearly 80 people who participated in the Zoom call.



6. (Continued)

- OCTA will host two additional meetings on March 10th. One at 3:00 p.m. in Vietnamese and another at 6:00 p.m. in Spanish.
- During the F&A meeting, the House passed the \$1.9 trillion COVID relief bill. Staff will release a memo to the Board this afternoon. And a more comprehensive and detailed overview will be discussed at the next Legislative and Communications Committee meeting.

7. Committee Members' Reports

There were no Committee Members' Reports

8. Closed Session

There were no Closed Session items scheduled.

9. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, March 24, 2021**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.

ATTEST

Michael Hennessey
Committee Chairman

Gina Ramirez
Deputy Clerk of the Board



March 24, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer
Janet Sutter, Executive Director
Internal Audit Department

Subject: Orange County Local Transportation Authority Measure M2
Maintenance of Effort, Agreed-Upon Procedures Report, City of
Santa Ana, Year Ended June 30, 2020

Overview

Eide Bailly LLP, an independent accounting firm, has applied agreed-upon procedures related to Measure M2 maintenance of effort expenditures by the City of Santa Ana, for the fiscal year ended June 30, 2020.

Recommendation

Direct staff to monitor implementation of corrective action by the City of Santa Ana.

Background

The Local Fair Share (LFS) program is a formula-based allocation provided to eligible jurisdictions for use on allowable transportation planning and implementation activities. Since the LFS program is intended to augment, not replace, existing transportation expenditures, each jurisdiction is typically required to maintain a minimum level of local street and road expenditures to conform to a defined maintenance of effort (MOE) requirement.

On May 13, 2019, the Orange County Transportation Authority (OCTA) Board of Directors (Board) directed staff to conduct audits of the City of Santa Ana (City) for the fiscal years (FY) ending June 30, 2019 and June 30, 2020, to assess full (100 percent) compliance with MOE requirements, and to increase the MOE requirement for FY 2018-19 by the MOE shortfall amount identified in the FY 2017-18 audit.

The audit for FY 2018-19 found that the City spent sufficient funds to meet the required minimum MOE and the shortfall amount, from FY 2017-18.

On June 22, 2020, in direct response to impacts from the coronavirus, the Board approved an amendment to the Orange County Local Transportation Authority Measure M2 Ordinance to remove minimum MOE requirements for cities receiving Local Fair Share funds during FY 2019-20. As a result of the change, the Board also approved revisions to the audit procedures to be applied to the City for FY 2019-20 to remove the requirement for a 100 percent audit of MOE expenditures.

Discussion

Eide Bailly LLP (auditors), tested \$7,720,809 in MOE expenditures, representing 53 percent of the City's total expenditures of \$14,518,020. Testing identified \$30,715 in disallowed expenditures, and \$759,932 of questioned expenditures. The City responded that procedures will be improved to ensure proper identification and coding of MOE expenditures.

The detailed report, along with the City's response, can be found in Attachment A.

Summary

The auditors have completed agreed-upon procedures related to Measure M2 MOE expenditures for the City, for FY ended June 30, 2020.

Attachment

- A. Measure M2 Maintenance of Effort Agreed-Upon Procedures Report Year Ended June 30, 2020 Orange County Local Transportation Authority - City of Santa Ana, California

Approved by:



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



Measure M2 Maintenance of Effort
Agreed-Upon Procedures Report
Year Ended June 30, 2020

Orange County
Local Transportation Authority –
City of Santa Ana, California

Orange County Local Transportation Authority
City of Santa Ana, California
Table of Contents
Year Ended June 30, 2020

Independent Accountant’s Report on Applying Agreed-Upon Procedures.....	1
Schedule A	
Schedule of Measure M2 Maintenance of Effort Expenditures (Unaudited)	3
Exhibit 1	
City’s Response to Certain Findings.....	4



Independent Accountant's Report on Applying Agreed-Upon Procedures

The Board of Directors

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

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of the Orange County Local Transportation Authority (OCLTA) (the specified party), on the City of Santa Ana's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. The sufficiency of these procedures is solely the responsibility of the OCLTA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

1. We obtained the Fiscal Year 2020 Expenditure Report for the City and identified the amount reported as spent on Maintenance of Effort (MOE) expenditures (Schedule 3, Line 18).

Findings: MOE expenditures for the fiscal year ended June 30, 2020 totaled \$14,518,020 per the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Findings: All MOE expenditures were tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund under the following accounting units: Roadway Markings/Signs (AU 01117625), Street Light Maintenance (AU 01117630), Street Trees (AU 01117643), Street Lights (AU 05117620), Traffic/Transportation Engineering (AU 01117620), and Graffiti Abatement Program (AU 01117642). No exceptions were found as a result of this procedure.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2020 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2020 were \$14,518,020 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$14,518,020 to the amount reported on the City's Expenditure Report (Schedule 3, line 18) with no differences. No exceptions were found as a result of this procedure.

4. We tested a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation. For indirect charges, we reviewed supporting documentation for reasonableness and appropriate methodology.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and was allowable per the Ordinance.

Findings: MOE expenditures tested totaled \$7,720,809, representing approximately 53% of the total MOE expenditures for the fiscal year ended June 30, 2020. Of the total tested, we identified the following exceptions:

- \$30,715 of expenditures were not allowable per the Ordinance, as they were not local street and road expenditures.
- \$346,807 of expenditures were questioned due to lack of support demonstrating that the expenditures were eligible local street and road expenditures.
- \$406,125 in graffiti removal expenditures were questioned after testing of the City's methodology for allocating these costs and identified a 25% error rate.

No other exceptions were found as a result of this procedure.

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

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

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


Laguna Hills, California
March 9, 2021

Orange County Local Transportation Authority
City of Santa Ana, California
Schedule of Measure M2 Maintenance of Effort Expenditures (Unaudited)
Year Ended June 30, 2020

Maintenance of Effort (MOE) Expenditures

Maintenance

Street Lights & Traffic Signals - Schedule 3, line 13 \$ 9,033,125

Other Street Purpose Maintenance - Schedule 3, line 15 4,049,090

Construction

Signals, Safety Devices & Street Lights - Schedule 3, line 4 21,960

Indirect and/or Overhead - Schedule 3, line 1 1,413,845

Total MOE expenditures 14,518,020

Direct MOE expenditures tested 6,387,996

Indirect MOE expenditures tested 1,332,813

Total MOE expenditures Tested 7,720,809

Ineligible costs identified 30,715

Questioned costs identified (non-graffiti removal) 346,807

Questioned costs identified (graffiti removal) 406,125

Total exceptions 783,647

Total allowable MOE expenditures tested \$ 6,937,162

Note:

The above amounts were taken directly from the financial records
of the City of Santa Ana and were not audited.

MAYOR
Vicente Sarmiento
MAYOR PRO TEM
David Penaloza
COUNCILMEMBERS
Phil Bacerra
Johnathan Ryan Hernandez
Jessie Lopez
Nelida Mendoza
Thai Viet Phan



CITY MANAGER
Kristine Ridge
CITY ATTORNEY
Sonia R. Carvalho
CLERK OF THE COUNCIL
Daisy Gomez

CITY OF SANTA ANA

20 Civic Center Plaza • P.O. Box 1988
Santa Ana, California 92702
www.santa-ana.org

March 9, 2021

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

The following response from City of Santa Ana Management addresses results of the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the year ended June 30, 2020.

Procedure #4

Auditor tested a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, Auditor performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation. For indirect charges, we reviewed supporting documentation for reasonableness and appropriate methodology.
- b. Verified that the expenditure was properly classified as a local street and road expenditure and was allowable per the Ordinance.

Findings: MOE expenditures tested totaled \$7,720,809, representing approximately 53% of the total MOE expenditures for the fiscal year ended June 30, 2020. Of the total tested, Auditor identified the following exceptions:

- \$30,715 of expenditures were not allowable per the Ordinance, as they were not local street and road expenditures.
- \$346,807 of expenditures were questioned due to lack of support demonstrating that the expenditures were eligible local street and road expenditures.

SANTA ANA CITY COUNCIL

Vicente Sarmiento
Mayor
vsarmiento@santa-ana.org

David Penaloza
Mayor Pro Tem, Ward 2
dpenaloza@santa-ana.org

Thai Viet Phan
Ward 1
tphan@santa-ana.org

Jessie Lopez
Ward 3
jessielopez@santa-ana.org

Phil Bacerra
Ward 4
pbacerra@santa-ana.org

Johnathan Ryan Hernandez
Ward 5
jryanhernandez@santa-ana.org

Nelida Mendoza
Ward 6
nmendoza@santa-ana.org

- \$406,125 in graffiti removal expenditures were questioned after testing of the City's methodology for allocating these costs and identified a 25% error rate.

No other exceptions were found as a result of this procedure.

City's Response:

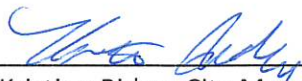
The City expended \$14,518,020 in MOE related expenditures during the fiscal year 2019-20, which exceeds prior year's requirements for MOE compliance.

The City's Public Works Agency (PWA) will continue to review and monitor department procedures to ensure proper identification and coding of Maintenance of Effort (MOE) expenditures.


- During the current and future fiscal years, PWA will ensure MOE-eligible expenditures are properly coded to account numbers assigned to the program, which will make future documentation processes more accurate.
- During the current and future fiscal years, PWA will adopt a budgeting methodology that limits the need for allocating labor costs. If allocation is necessary, the labor distributions will be based on a Cost Allocation Plan prepared by a consultant.

With the implementation of procedures noted above, the City will continue to meet its requirement for MOE compliance.

Sincerely,



Kristine Ridge, City Manager



Kathryn Downs, Executive Director
Finance and Management Services Agency



Nabil Saba, Executive Director
Public Works Agency

SANTA ANA CITY COUNCIL

Vicente Sarmiento
Mayor
vsarmiento@santa-ana.org

David Penalzoza
Mayor Pro Tem, Ward 2
dpenalzoza@santa-ana.org

Thai Viet Phan
Ward 1
tphan@santa-ana.org

Jessie Lopez
Ward 3
jessielopez@santa-ana.org

Phil Bacerra
Ward 4
pbacerra@santa-ana.org

Johnathan Ryan Hernandez
Ward 5
jryanhernandez@santa-ana.org

Nelida Mendoza
Ward 6
nmendoza@santa-ana.org



March 24, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

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

Overview

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

Recommendation

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

Background

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

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

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

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

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

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

Discussion

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

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

AUP: LFS Program Funds

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

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

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

AUP: SMP Funds

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

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

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

AUP: SNEMT Program Funds

No observations resulted from the audit of the County.

The detailed report can be found at Attachment E.

Summary

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

Attachments

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

Authorized by:



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

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

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

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 LOCAL FAIR SHARE

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2020

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 LOCAL FAIR SHARE

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2020

The cities listed below were selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2020. Please refer to the individual divider tab for our report on each Agency.

City of Brea

City of Costa Mesa

City of Laguna Hills

City of Lake Forest

City of La Palma

City of Placentia

City of Tustin

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

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

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

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

The procedures and associated findings were as follows:

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

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

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

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

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

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

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

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

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

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

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

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

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

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

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

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

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

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

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

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

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

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

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


Crowe LLP

Costa Mesa, California
March 11, 2021

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

SCHEDULE A

Maintenance of Effort (MOE) Expenditures:

Maintenance

Other Street Purpose Maintenance	\$ 1,355,110
----------------------------------	--------------

Total MOE Expenditures	\$ 1,355,110
------------------------	--------------

Measure M2 Local Fair Share Expenditures (Schedule 4):

Administrative	\$ 20,676
----------------	-----------

Traffic Control Upgrade - 7218	577
--------------------------------	-----

Citywide Slurry Seal Program - 7312	200,000
-------------------------------------	---------

Alley Rehab E. of Redwood Avenue - 7315	161,640
---	---------

Alley Rehab - Puente/ Joyce - 7316	207,915
------------------------------------	---------

Cliffwood Park Pavement - 7317	316,895
--------------------------------	---------

Alley Rehab W. of Flower Avenue - 7319	16,616
--	--------

Country Lane Street Rehabilitation - 7323	11,440
---	--------

Street Name Sign Replacement - 7703	<u>749</u>
-------------------------------------	------------

Total Measure M2 Local Fair Share Expenditures	\$ 936,508
--	------------

Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 2,291,618</u>
--	---------------------

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



City of Brea

March 11, 2021

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

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

Procedure #4

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

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

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

 (for Bill Gallardo)

William Gallardo, City Manager



Cindy Russell, Administrative Services Director



Tony Olmos, Public Works Director

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

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

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

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

The procedures and associated findings were as follows:

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

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

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

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

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

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

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

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

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

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

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

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

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

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

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

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

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

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

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

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

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

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

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

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

Crowe LLP

Costa Mesa, California
March 15, 2021

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

SCHEDULE A

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

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



CITY OF COSTA MESA

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

FROM THE OFFICE OF THE FINANCE DIRECTOR/CITY TREASURER

Exhibit 1

March 11, 2021

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

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

Procedure #2

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

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

City's Response:

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

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

Lori Ann Farrell Harrison, City Manager

Carol Molina, Finance Director

Raja Sethuraman, Public Services Director

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

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

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

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

The procedures and associated findings were as follows:

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

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

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

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

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

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

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

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

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

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

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

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

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

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

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

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

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

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

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

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

(Continued)

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

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

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


Crowe LLP

Costa Mesa, California
March 12, 2021

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

SCHEDULE A

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

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



Exhibit 1

CITY OF LAGUNA HILLS

March 12, 2021

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

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

Procedure #2

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

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

City's Response:

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

Procedure #3

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

- a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
- b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

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

City's Response:

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

Procedure #4

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

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

City's Response:

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

Procedure #7

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

- a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
- b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

City's Response:

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



Kenneth H. Rosenfield
Interim City Manager



Janice Reyes
Finance Director

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

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

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

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

The procedures and associated findings were as follows:

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

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

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

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

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

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

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

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

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

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

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

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

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

- a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
- b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

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

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

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

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

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

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

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

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.

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

Crowe LLP

Costa Mesa, California
March 11, 2021

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

SCHEDULE A

Maintenance of Effort (MOE) Expenditures:

Maintenance

Other Street Purpose Maintenance	\$ 793,583
----------------------------------	------------

Total MOE Expenditures	\$ 793,583
------------------------	------------

Measure M2 Local Fair Share Expenditures (Schedule 4):

950.100 Repaving and Slurry Seal	\$ 770
----------------------------------	--------

Total Measure M2 Local Fair Share Expenditures	\$ 770
--	--------

Total MOE and Measure M2 Local Fair Share Expenditures	\$ 794,353
--	------------

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

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

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

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

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

The procedures and associated findings were as follows:

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

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

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

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

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

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

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

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

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

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

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

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

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

Crowe LLP

Costa Mesa, California
March 15, 2021

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

SCHEDULE A

Maintenance of Effort (MOE) Expenditures:

Maintenance

Patching	\$ 12,135
Overlay & Sealing	179,538
Street Lights & Traffic Signals	142,690
Other Street Purpose Maintenance	<u>183,119</u>

Total MOE Expenditures	<u>\$ 517,482</u>
------------------------	-------------------

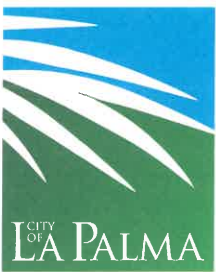
Measure M2 Local Fair Share Expenditures (Schedule 4):

Orangethorpe Ave Rehabilitation (Walker to Valley View) (ST-353)	\$ 23,273
Median Island Reconstruction Design	38,655
Orangethorpe Ave Rehabilitation (Moody to Walker) (ST-346)	240,000

Total Measure M2 Local Fair Share Expenditures	<u>\$ 301,928</u>
--	-------------------

Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 819,410</u></u>
--	--------------------------

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



March 15, 2021

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

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


Procedure #4

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


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

City's Response:

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


CITY MANAGER

Name and Title of Responsible Party


COMMUNITY
SERVICES
DIRECTOR

Name and Title of Responsible Party


ACCOUNTING
SUPERVISOR

Name and Title of Responsible Party

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

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

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

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

The procedures and associated findings were as follows:

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

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

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

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

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

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

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

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

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

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

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

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

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

Crowe LLP

Costa Mesa, California
March 11, 2021

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

SCHEDULE A

Maintenance of Effort (MOE) Expenditures:

Maintenance

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

Total MOE Expenditures	<u>\$ 848,930</u>
------------------------	-------------------

Measure M2 Local Fair Share Expenditures (Schedule 4):

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

Total Measure M2 Local Fair Share Expenditures	<u>\$ 527,707</u>
--	-------------------

Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 1,376,637</u></u>
--	----------------------------

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

The People are the City



Mayor
CRAIG S. GREEN

Mayor Pro Tem
CHAD P. WANKE

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

City Clerk:
ROBERT S. MCKINNELL

City Treasurer
KEVIN A. LARSON

City Administrator
DAMIEN R. ARRULA

401 East Chapman Avenue – Placentia, California 92870

Exhibit 1

March 11, 2021

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

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

Procedure #2

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

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

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

Procedure #3

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

- a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
- b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

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

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

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

Procedure #4

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

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

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



Damien Arrula, City Administrator

Luis Estevez, Deputy City Administrator

Jessica Brown, Finance Director

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

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

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

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

The procedures and associated findings were as follows:

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

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

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

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

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

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

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

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

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

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

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

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

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

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

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

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

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

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

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

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

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

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

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


Crowe LLP

Costa Mesa, California
March 11, 2021

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

SCHEDULE A

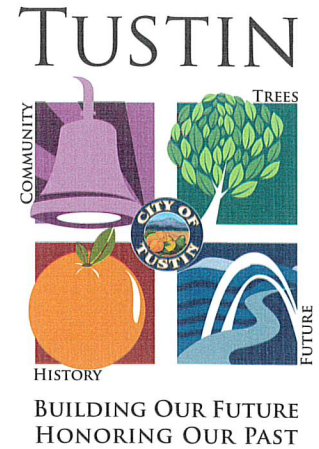
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 188,625
Construction & Right-of-Way	
New Street Construction	1,096,948
Signals, Safety Devices, & Street Lights	10,074
Pedestrian Ways & Bikepaths	173,250
Maintenance	
Patching	67,984
Overlay & Sealing	1,698,700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

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

Finance Department

March 11, 2021

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



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

Procedure #4

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

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

City's Response:

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

Procedure #8

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

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

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

City's Response:

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

DocuSigned by:

Matthew S. West

Matthew S. West, City Manager

DocuSigned by:

Jason Al-Imam

Jason Al-Imam, Finance Director

DocuSigned by:

Douglas S. Stack

Doug Stack, Director of Public Works/City Engineer

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

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

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 SENIOR MOBILITY PROGRAM

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2020

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR MOBILITY
PROGRAM**

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2020

The cities listed below were selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2020. Please refer to the individual divider tab for our report on each Agency.

City of Brea

City of Costa Mesa

City of Cypress

City of Laguna Hills

City of Placentia

City of Stanton

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

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

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

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

The procedures and associated findings were as follows:

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

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

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to Measure M2 Senior Mobility Program were tracked in the general ledger by fund, budget unit, and account number. The City recorded its Senior Mobility Program expenditures in its General Fund (110), various budget units, and account numbers. The City reported \$51,315 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

(Continued)

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

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

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

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

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

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

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine whether the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative Agreement.

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

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

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

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

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

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

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

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

(Continued)

- b. Determine whether the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

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

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

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

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

No exceptions were found as a result of this procedure.

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

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

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

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


Crowe LLP

Costa Mesa, California
March 11, 2021

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

SCHEDULE A

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

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



City of Brea

March 11, 2021

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

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

Procedure #4

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

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

City's Response:

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

Procedure #9

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

- a. For Contractors procured prior to June 1, 2020, determine whether that the Contractor was selected using a competitive procurement process; and
- b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

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

City's Response:

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

 (for Bill Gallardo)

William Gallardo, City Manager



Cindy Russell, Administrative Services Director



Tony Olmos, Public Works Director

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

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

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

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

The procedures and associated findings were as follows:

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

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

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to Measure M2 Senior Mobility Program were tracked in the general ledger by fund, and program number. The City recorded its Senior Mobility Program expenditures in its General Fund (101), and various program numbers. The City reported \$95,203 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

(Continued)

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

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

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

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

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

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

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine whether the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative Agreement.

(Continued)

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

No exceptions were found as a result of this procedure.

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

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

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


Crowe LLP

Costa Mesa, California
March 15, 2021

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

SCHEDULE A

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

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

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

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

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

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

The procedures and associated findings were as follows:

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

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

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to Measure M2 Senior Mobility Program were tracked in the general ledger by fund, and account number. The City recorded its Senior Mobility Program expenditures in its General Fund (212), and various account numbers. The City reported \$31,763 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

(Continued)

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

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

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

Findings: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$1,322, which was calculated by multiplying the SMP average monthly cash balance of \$69,030 and the Measure M2 Fund interest rate of 1.92%. The City reported \$1,322 of interest income for the year ended June 30, 2019 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). Additionally, we inquired of City personnel regarding fare collection methodologies. The City did not charge fares for senior transportation services during the year. No exceptions were found as a result of this procedure.

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

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

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine whether the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative Agreement.

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

No exceptions were found as a result of this procedure.

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

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

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



Crowe LLP

Costa Mesa, California
March 12, 2021

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

SCHEDULE A

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

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

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

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

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

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

The procedures and associated findings were as follows:

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

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

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

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

(Continued)

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

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

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

Findings: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$1,869, which was calculated by multiplying the SMP average monthly cash balance of \$80,526 and the Measure M2 Fund interest rate of 2.32%. The City reported \$1,869 of interest income for the year ended June 30, 2019 which agreed to the City's Expenditure Report (Schedule 2, Line 8 for Project U). Additionally, we inquired of City personnel regarding fare collection methodologies. The City did not charge fares for senior transportation services during the year. No exceptions were found as a result of this procedure.

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

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

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine whether the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative Agreement.

Findings: We selected nine Measure M2 Senior Mobility Program expenditures for inspection totaling \$33,763 representing approximately 84% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were exclusively for the Senior Mobility Program and met

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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


Crowe LLP

Costa Mesa, California
March 15, 2021

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

SCHEDULE A

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

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



CITY OF LAGUNA HILLS

March 12, 2021

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

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

Procedure #2

Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

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

City's Response:

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

Procedure #8

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

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

City's Response:

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

Procedure #11

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

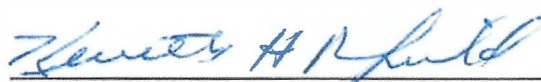
Findings: We sampled four monthly summary reports (November 2019, December 2019, February 2020, and June 2020).

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

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

City's Response:

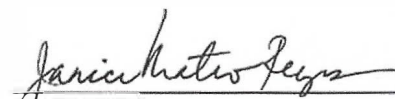
The City agrees with these findings. The untimely filing of the April monthly summary report was affected by the local emergency that was declared due to the COVID-19 health crisis.



Kenneth H. Rosenfield
Interim City Manager



David Reynolds
Deputy City Manager/Community Services Director



Janice Reyes
Finance Director

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

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

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

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

The procedures and associated findings were as follows:

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

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

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to Measure M2 Senior Mobility Program were tracked in the general ledger by fund, and object code. The City recorded its Senior Mobility Program expenditures in its Measure M Fund (210), and various object codes. The City reported \$32,511 in the program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

(Continued)

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

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

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

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

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

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

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine whether the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

No exceptions were found as a result of this procedure.

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

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

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

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


Crowe LLP

Costa Mesa, California
March 11, 2021

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

SCHEDULE A

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

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

Exhibit 1

Mayor
CRAIG S. GREEN

Mayor Pro Tem
CHAD P. WANKE

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

The People are the City



City Clerk:
ROBERT S. MCKINNELL

City Treasurer
KEVIN A. LARSON

City Administrator
DAMIEN R. ARRULA

401 East Chapman Avenue – Placentia, California 92870

March 11, 2021

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

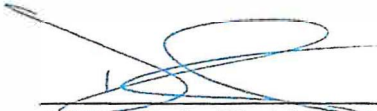
The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility program for the City of Placentia as of and for the fiscal year ended June 30, 2020.

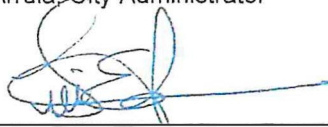
Procedure #4


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

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

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


Damien Arrula, City Administrator


Luis Estevez, Deputy City Administrator


Jessica Brown, Finance Director

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

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

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

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

The procedures and associated findings were as follows:

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

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

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to Measure M2 Senior Mobility Program were tracked in the general ledger by fund, and account number. The City recorded its Senior Mobility Program expenditures in its Senior Transportation Fund (251), and various account numbers. The City reported \$15,178 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

(Continued)

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

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

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

Findings: Based on the Expenditure Report (Schedule 2, line 8 – Project U), the City reported \$0 in interest revenue. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no interest revenues were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. We inspected the interest allocation methodology. The City of Stanton methodology for interest calculation was to calculate the average cash balance for the entire FY to determine if interest should be allocated to the program for the fiscal year ended June 30, 2020. Given that the City had an average cash balance of the program was (\$2,064), no interest was allocated for the SMP for fiscal year 20. Additionally, we inquired of City personnel regarding fare collection methodologies. The City did not charge fares for senior transportation services during the year. No exceptions were found as a result of this procedure.

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

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

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine whether the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative Agreement.

Findings: We selected 12 Measure M2 Senior Mobility Program expenditures for inspection totaling \$11,401 representing approximately 75% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/ Disabled Program Funding Policy Guidelines and the cooperative agreement. No exceptions were found as a result of this procedure.

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

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

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

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

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

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

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

Findings: We obtained and inspected the insurance coverage for the City of Stanton that used in-house staff to provide services for the Senior Mobility Program, and determined that the requirements established in the Cooperative Agreement were met. Additionally, the current year proof of insurance for the City was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

(Continued)

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

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

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

No exceptions were found as a result of this procedure.

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

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

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


Crowe LLP

Costa Mesa, California
March 11, 2021

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

SCHEDULE A

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

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

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

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

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2020

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

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

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2020

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

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

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

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

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

The procedures and associated findings were as follows:

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

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

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

Findings: The County's expenditures relating to the Measure M2 Senior Non-Emergency Medical Transportation Program were tracked in the general ledger by fund, and account. The County recorded its SNEMT expenditures in its General Fund (100) and various accounts. The County reported \$2,773,820 in program expenditures on the Expenditure Report (Schedule 2, Line 21 for Project U) which agreed to the M2-funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

(Continued)

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

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

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

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

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

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

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

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

7. Select a sample of Measure M2 SNEMT expenditures from the County's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine whether the expenditures selected in (a) above are exclusively for the SNEMT program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy guidelines and the cooperative agreement.

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

No exceptions were found as a result of this procedure.

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

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

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

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

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


Crowe LLP

Costa Mesa, California
March 11, 2021

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

SCHEDULE A

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

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



March 24, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Amendment to Agreement for Financial Advisory Services

Overview

On April 23, 2018, the Orange County Transportation Authority Board of Directors approved an agreement with Sperry Capital, Inc., to provide financial advisory services for a three-year initial term and one, two-year option term. Board of Directors' approval is requested to exercise the option term effective May 1, 2021 through April 30, 2023.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-7-2137 between the Orange County Transportation Authority and Sperry Capital, Inc., to exercise the option term of the agreement, to extend the term through April 30, 2023 and increase the amount by \$400,000, for a total contract value of \$1,065,000, to provide continued financial advisory services.

Discussion

The Orange County Transportation Authority (OCTA) utilizes the services of a financial advisory firm to perform financial advisory services in connection with OCTA's debt program such as making recommendations and performing activities related to the issuance of new debt and assisting with OCTA's Investor Relations Program. OCTA's financial advisor is responsible for providing analysis, consultation, and support for financial, investment, and other related matters affecting capital and operating financial strategies.

Over the past decade, OCTA has evolved into a large and sophisticated issuer of municipal debt instruments with around \$990 million of debt outstanding. As a result, OCTA is one of the highest rated sales tax issuers in California and has one of the highest single-asset toll road ratings in the nation for the 91 Express Lanes.

Over the next two years, OCTA's financial advisor will assist with the restructuring or renewal of OCTA's line of credit (required under the Transportation Infrastructure Finance and Innovation Act [TIFIA] loan agreement), the evaluation process for OCTA's underwriter pool (current pool expires in October 2021), and the issuance of new debt to assist with the implementation of capital and operating financial strategies.

Additionally, OCTA's financial advisor will assist with the financial reporting requirements of the TIFIA loan. OCTA is required to provide an updated financial model and report each year to the Build America Bureau and the Federal Highway Administration for the loan.

OCTA's financial advisor will also be responsible for assisting staff with the Investor Relations Program (IRP). The IRP includes annual meetings with investors, liquidity providers, and rating agencies. OCTA provides comprehensive presentations during these meetings.

Sperry Capital, Inc. (Sperry) has performed its obligations well, providing services under the scope of work to support and advance OCTA's goals. In order to continue these services, and based on consultant's performance, staff recommends the Board of Directors (Board) approve an amendment to exercise the option term.

Procurement Approach

The procurement was handled in accordance with OCTA's Board-approved procedures for professional services that conform to both federal and state laws. The original agreement was awarded on a competitive basis and includes a three-year initial term for \$495,500, and one, two-year option term. The initial term of the agreement expires on April 30, 2021.

The agreement has been amended one time for a budget increase. The amendment is further described in Attachment A. The proposed Amendment No. 2 is to exercise the option term of the agreement through April 30, 2023. The budget for this amendment is \$400,000, based on the firm's hourly rates and anticipated usage for services on an as-needed basis, bringing the total contract value to \$1,065,000. An annual hourly rate escalation was negotiated in the original contract. However, OCTA was able to negotiate with Sperry to hold its initial term rates for the option term resulting in an approximate cost savings of \$20,250. Exercising the option term will allow OCTA continued assistance with addressing various financial impacts and decisions over the next two years.

Fiscal Impact

The financial advisory services were approved in OCTA's Fiscal Year 2020-21 Budget and will be funded through the M2 Fund (0017-7519-M0201-GRV), 91 Express Lanes Fund (0036-7519-B0001-AHA), and 405 Express Lanes Fund (0037-7519-A9511-AHA).

Summary

Staff recommends the Board of Directors authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-7-2137 with Sperry Capital, Inc., to exercise the option term, in the amount of \$400,000, for a total contract value of \$1,065,000, for continued financial advisory services.

Attachment

- A. Sperry Capital, Inc., Agreement No. C-7-2137, Fact Sheet

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



Pia Veasapen
Director, Contracts Administration and
Materials Management
(714) 560-5619

**Sperry Capital, Inc.
Agreement No. C-7-2137
Fact Sheet**

1. April 23, 2018, Agreement No. C-7-2137, \$495,500, approved by the Board of Directors (Board).
 - Agreement to provide financial advisory services.
 - Initial term effective May 22, 2018 through April 30, 2021, with one, two-year option term.
2. October 26, 2020, Amendment No. 1, Agreement No. C-7-2137, \$169,500, approved by the Board.
 - Additional budget for financial advisory services for the Transportation Infrastructure Finance and Innovation Act (TIFIA) interest rate reset transaction.
3. April 26, 2021, Amendment No. 2, Agreement No. C-7-2137, \$400,000, pending approval by Board.
 - Exercise the option term of the agreement effective May 1, 2021 through April 30, 2023.

Total committed to Sperry Capital, Inc., under Agreement No. C-7-2137: \$1,065,000.



March 24, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Orange County Transportation Authority Investment and Debt Programs Report – February 2021

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, 2021. 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, 2021, the Orange County Transportation Authority's (OCTA) outstanding investments totaled \$2.0 billion. The portfolio is divided into three managed portfolios: the liquid portfolio for immediate cash needs, the short-term portfolio for future budgeted expenditures, and the bond proceeds portfolio to meet Measure M2 (M2) transportation program needs. In addition to these portfolios, OCTA has funds invested in debt service reserve funds for the 91 Express Lanes Program.

The weighted average book yield for the OCTA portfolio is 1.2 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 was \$70,939,988, with an average monthly effective yield of 0.4 percent. OCTA's month-end balance in the Orange County Investment Pool (OCIP) was \$22,605,370. For the month of January, the monthly gross yield for the OCIP was 0.7 percent. Yields for the month of February will be received in March.

During the month of February, three securities held within OCTA's investment portfolio were downgraded. The total number of securities on the Negative Credit Watch list decreased from six securities to three securities for the month. Please refer to A-8 (Rating Downgrades and Negative Credit Watch) of Attachment A for further details. As of February 28, 2021, the securities reflected on A-8 still meet the minimum ratings requirements set forth by OCTA's Investment Policy.

OCTA's debt program is separate from its investment program and is comprised of M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, and 2017 Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan. The debt program currently has an outstanding principal balance of \$990 million as of February 28, 2021. Approximately 62 percent of the outstanding balance is comprised of M2 debt, nine percent is associated with the 91 Express Lanes Program, and 29 percent is for the TIFIA Loan.


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, 2021.

Attachments

- A. Orange County Transportation Authority Investment and Debt Programs – For the Period Ending February 28, 2021
- B. Orange County Transportation Authority Portfolio Listing as of February 28, 2021

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, 2021**

OCTA Investment Dashboard

2/28/2021

Safety of Principal

Securities that fell below OCTA's minimum credit quality requirements during the month of February 2021:

Not applicable.

Securities currently held within OCTA's portfolio that fell below OCTA's minimum credit quality requirements during prior reporting periods:

On Thursday, February 20, 2020, Moody's downgraded the long-term debt rating of Nissan to Baa1 from A3. OCTA holds security positions in Nissan Auto/Lease asset backed securities, representing less than 0.01% of the portfolio. However, for asset backed securities, receivables are sold via a legal concept called "true sale" into a bankruptcy-remote issuing trust, therefore isolated from the financial health of the issuer. There has been no negative price action on the asset backed securities on news of the downgrade. The Treasurer reviewed the position and recommended the securities be held for the short-term. The Treasurer presented his recommendation to the Deputy Chief Executive Officer who concurred.

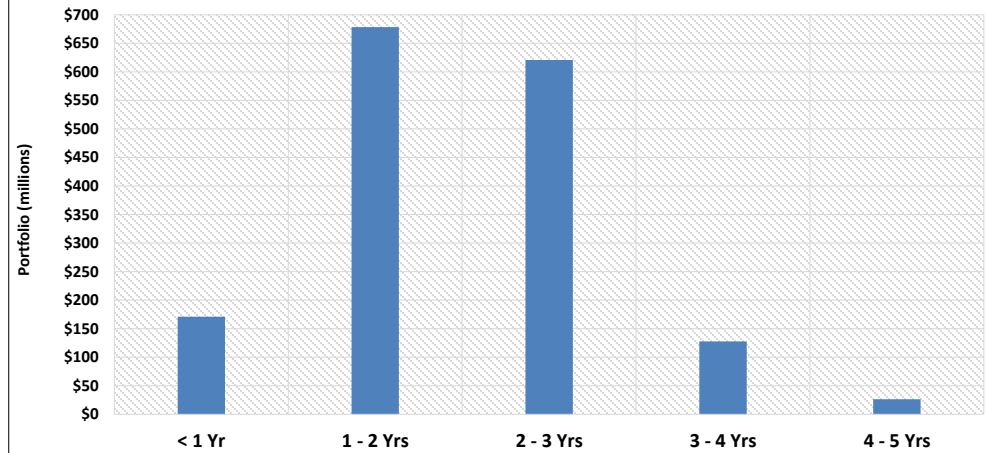
Securities downgraded or placed on Negative Credit Watch during the month of February 2021,

but remain in compliance with OCTA's Investment Policy:

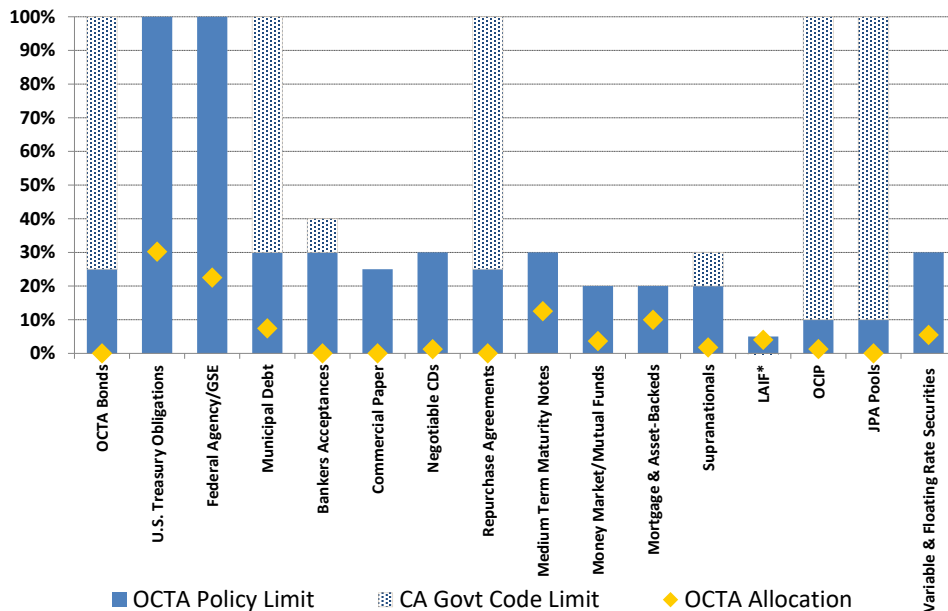
Three securities held within OCTA's investment portfolio were downgraded during the month. The total number of securities on the Negative Credit Watch list decreased from six securities to three securities for the month.

For further details please refer to A-8 of this report.

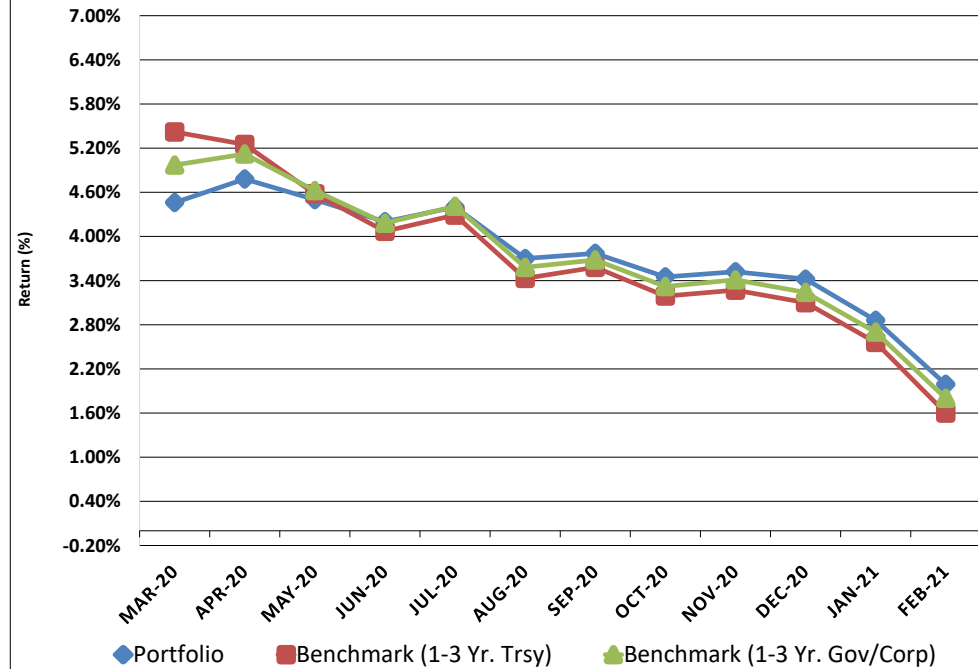
Portfolio Liquidity



Portfolio Diversification



Portfolio Return - 12 Month



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

Investment Compliance

2/28/2021

Portfolio Subject to Investment Policy			
Short-Term/Liquid Portfolio ¹	Dollar Amount Invested	Percent Of Portfolio	Investment Policy Maximum Percentages
U.S. Treasury Obligations	\$ 535,757,045	29.8%	100%
Federal Agency/GSE	399,225,940	22.2%	100%
Municipal Debt	131,546,061	7.3%	30%
Commercial Paper	-	0.0%	25%
Negotiable Certificates of Deposit	21,800,000	1.2%	30%
Repurchase Agreements	-	0.0%	25%
Medium Term Maturity Notes/Corporates	222,106,841	12.4%	30%
Money Market/Mutual Funds	64,596,276	3.6%	20%
Mortgage & Asset-Backed	176,813,016	9.8%	20%*
Supranationals	30,934,095	1.7%	20%
Local Agency Investment Fund**	70,939,988	3.9%	\$ 75 Million
Orange County Investment Pool	22,605,370	1.3%	10%
Joint Powers Authority Pools	-	0.0%	10%
Bank Deposits	23,301,053	1.3%	5%
Variable & Floating Rate Securities	96,777,715	5.4%	30%
Total Short-Term/Liquid Portfolio	\$ 1,796,403,401	100.0%	

1. Excludes portion of Liquid Portfolio subject to Indenture

*Asset-backed securities, excluding mortgages, may not exceed 10 percent of the allocation

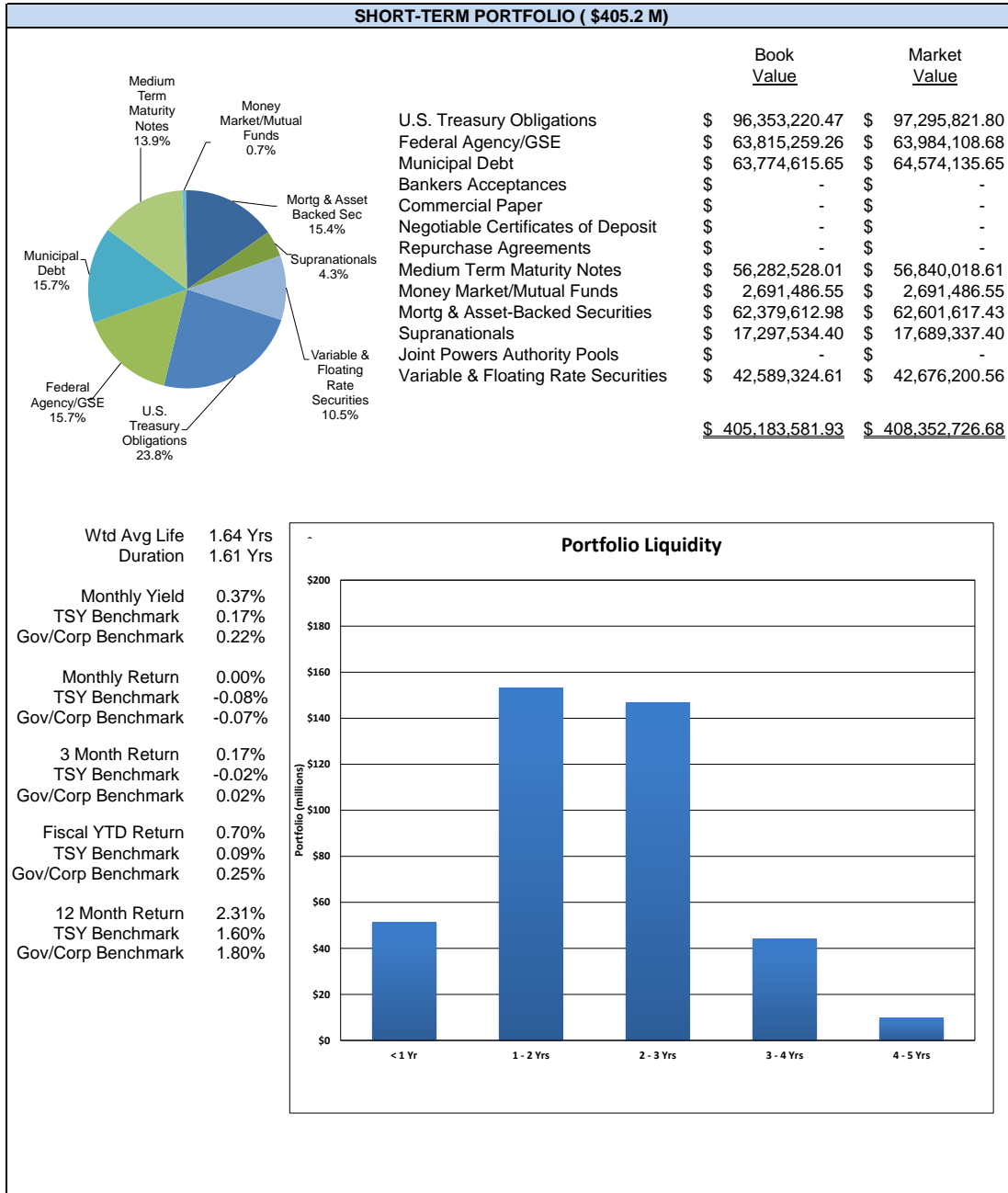
**OCTA has increased the balance in the LAIF (Pool) from \$46m to \$71m during the month of February. The move allowed OCTA to increase yield from 0.10% to 0.41% on the funds while maintaining liquidity and safety of funds.

Portfolio Subject to Indenture						
	Dollar Amount Invested	Credit Quality	OCTA Term	Indenture Requirements		
Liquid Portfolio*				Credit Quality	Term	
Money Market Funds	\$ 34,834,248	AAA/Aaa	45 days	Min. A2/A	Max. 4 years	
Bond Proceeds Portfolio						
Money Market Funds	\$ 137,313,559	AAA/Aaa	45 days	Min. A2/A	Max. 4 years	
Commercial Paper	\$ -	P-1/F-1/A-1	60-90 days	Min. A2/A	Max. 4 years	
Guaranteed Investment Contract	33,700,000	Aa2/AA-/A+	N/A	Min. A3/A-	N/A	
Total Bond Proceeds Portfolio	\$ 171,013,559					
Reserve Funds Portfolio						
Commercial Paper	\$ 25,076,772	P-1/F-1	60-150 days	Min. A-1/P-1	Max. 180 days	
Bank Deposits	\$ 213,077					
US Treasuries Obligations	478	AAA/Aaa	30 days	Min. A2/A	Max. 5 years	
Total Reserve Funds Portfolio	\$ 25,290,327					
Total Portfolio Subject to Indenture	\$ 196,303,886					
Portfolio Total	\$ 2,027,541,534					

*Reflects portion of Liquid Portfolio subject to Indenture

Investment Manager Diversification and Maturity Schedules

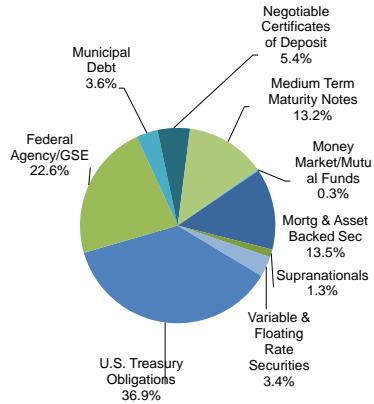
MetLife Investment Management
2/28/2021



Investment Manager Diversification and Maturity Schedules

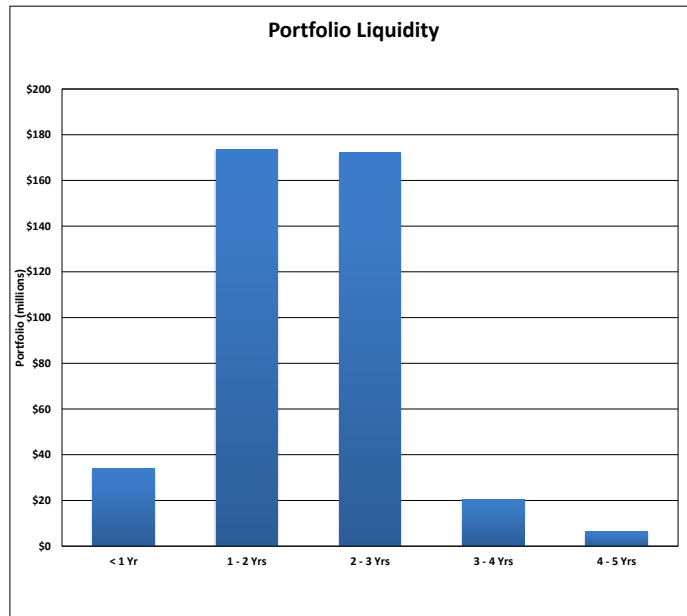
PFM
2/28/2021

SHORT-TERM PORTFOLIO (\$406.9 M)



	Book Value	Market Value
U.S. Treasury Obligations	\$ 150,069,541.64	\$ 152,930,517.15
Federal Agency/GSE	\$ 92,012,314.34	\$ 92,227,509.10
Municipal Debt	\$ 14,512,759.95	\$ 14,558,486.85
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ 21,800,000.00	\$ 22,189,575.75
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 53,608,563.55	\$ 54,643,086.80
Money Market/Mutual Funds	\$ 1,142,934.56	\$ 1,142,934.56
Mortg & Asset-Backed Securities	\$ 54,815,108.94	\$ 55,665,756.28
Supranationals	\$ 5,243,418.50	\$ 5,257,330.00
Joint Powers Authority Pools	\$ -	\$ -
Variable & Floating Rate Securities	\$ 13,683,964.67	\$ 13,777,537.05
	<u>\$ 406,888,606.15</u>	<u>\$ 412,392,733.54</u>

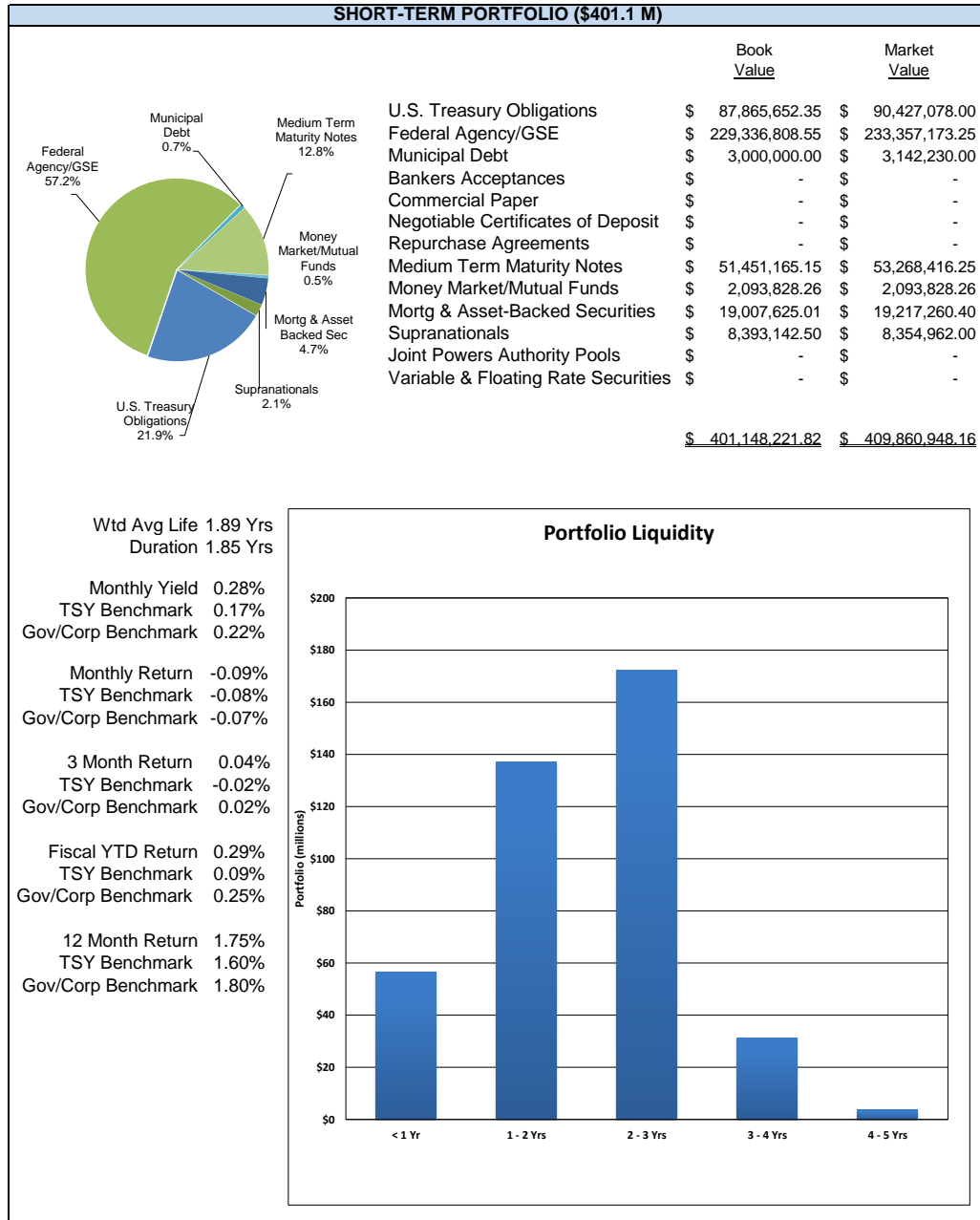
Wtd Avg Life	1.80 Yrs
Duration	1.78 Yrs
Monthly Yield	0.27%
TSY Benchmark	0.17%
Gov/Corp Benchmark	0.22%
Monthly Return	-0.06%
TSY Benchmark	-0.08%
Gov/Corp Benchmark	-0.07%
3 Month Return	0.08%
TSY Benchmark	-0.02%
Gov/Corp Benchmark	0.02%
Fiscal YTD Return	0.38%
TSY Benchmark	0.09%
Gov/Corp Benchmark	0.25%
12 Month Return	1.94%
TSY Benchmark	1.60%
Gov/Corp Benchmark	1.80%



Investment Manager Diversification and Maturity Schedules

Chandler Asset Management

2/28/2021

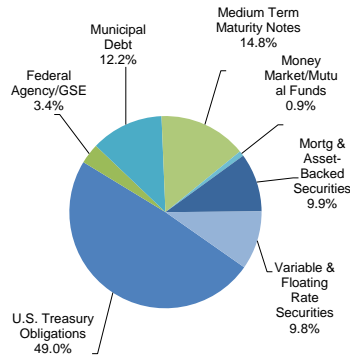


Investment Manager Diversification and Maturity Schedules

Payden & Rygel

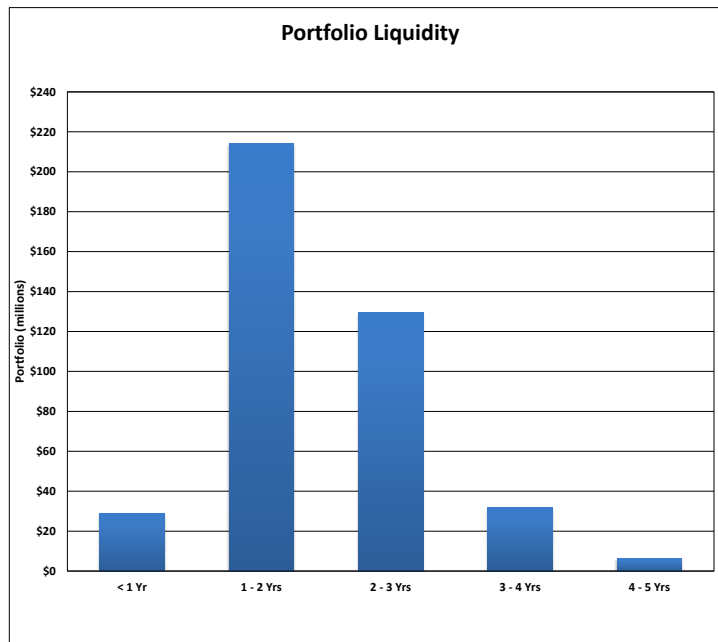
2/28/2021

SHORT-TERM PORTFOLIO (\$411.3 M)



	Book Value	Market Value
U.S. Treasury Obligations	\$ 201,468,630.98	\$ 201,263,930.24
Federal Agency/GSE	\$ 14,061,557.50	\$ 14,012,591.80
Municipal Debt	\$ 50,258,685.09	\$ 50,673,463.17
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 60,764,584.08	\$ 61,921,192.22
Money Market/Mutual Funds	\$ 3,634,275.45	\$ 3,634,275.45
Mortg & Asset-Backed Securities	\$ 40,610,669.10	\$ 41,009,055.94
Supranationals	\$ -	\$ -
Joint Powers Authority Pools	\$ -	\$ -
Variable & Floating Rate Securities	\$ 40,504,425.78	\$ 40,713,067.44
	<u>\$ 411,302,827.98</u>	<u>\$ 413,227,576.26</u>

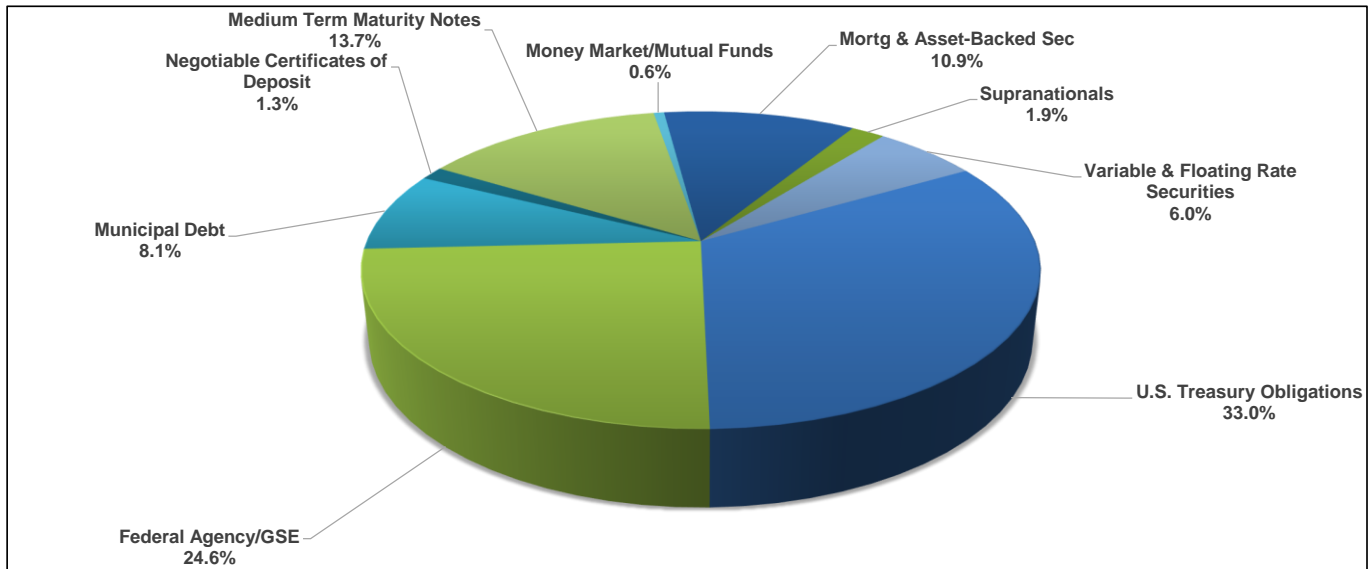
Wtd Avg Life	1.92 Yrs
Duration	1.87 Yrs
Monthly Yield	0.30%
TSY Benchmark	0.17%
Gov/Corp Benchmark	0.22%
Monthly Return	-0.10%
TSY Benchmark	-0.08%
Gov/Corp Benchmark	-0.07%
3 Month Return	0.04%
TSY Benchmark	-0.02%
Gov/Corp Benchmark	0.02%
Fiscal YTD Return	0.45%
TSY Benchmark	0.09%
Gov/Corp Benchmark	0.25%
12 Month Return	1.97%
TSY Benchmark	1.60%
Gov/Corp Benchmark	1.80%



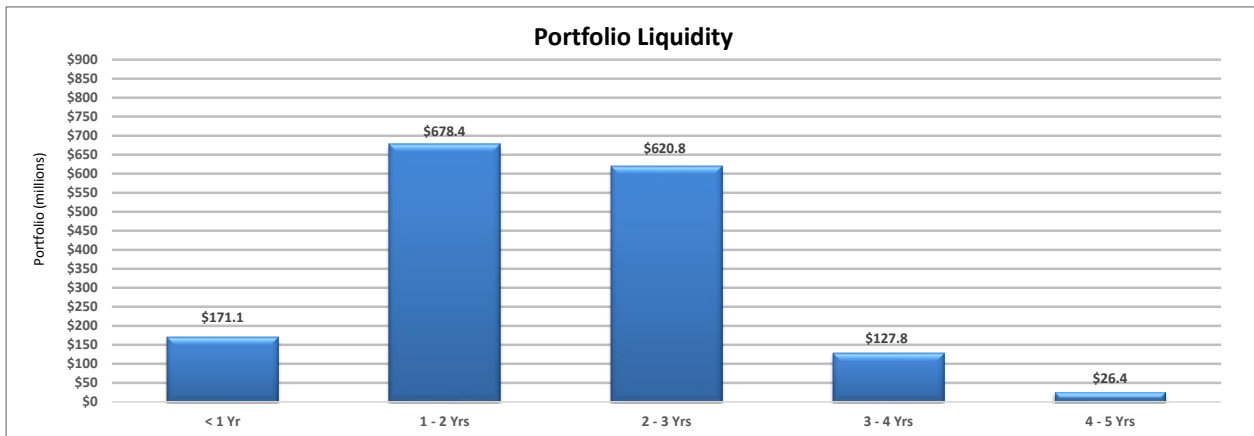
Short-Term Portfolio

2/28/2021

Portfolio Composition



Portfolio Liquidity



Rating Downgrades & Negative Credit Watch

2/28/2021

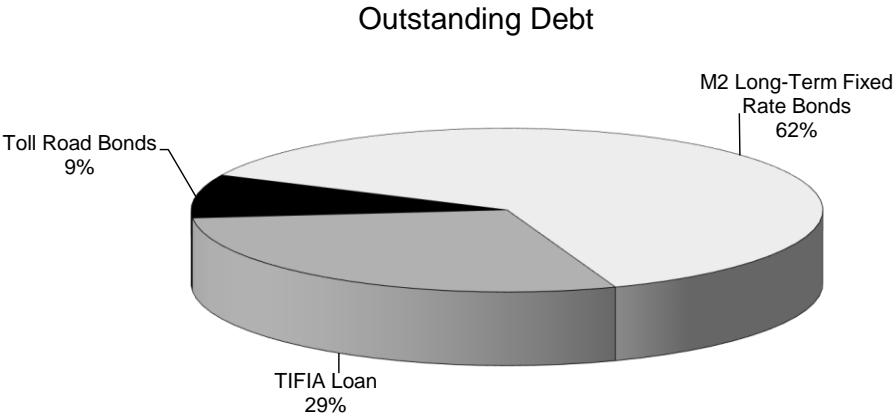
<u>Investment Manager / Security</u>	<u>Par Amount</u>	<u>Maturity</u>	<u>S&P</u>	<u>Moody's</u>	<u>Fitch Ratings</u>
Rating Downgrades:					
PFM					
Chevron <i>On February 11, 2021, S&P downgraded the long-term ratings of Chevron from AA to AA-. The downgrade is due to pandemic induced struggles in the oil and gas industry, energy transitions, price volatility, and weaker profitability are increasing risks for oil and gas producers. The security complies with the requirements of the Investment Policy, and the investment manager is comfortable holding the security due to Chevron's large scale, globally diversified operations, and recent stabilizations in oil prices.</i>	\$ 1,325,000	Various*	AA-	Aa2	N/A
Exxon <i>On February 11, 2021, S&P downgraded the long-term ratings of Exxon from AA to AA-. The downgrade is due to pandemic induced struggles in the oil and gas industry, energy transitions, price volatility, and weaker profitability are increasing risks for oil and gas producers. The security complies with the requirements of the Investment Policy, and the investment manager is comfortable holding the security due to Exxon's large scale, globally diversified operations, and recent stabilizations in oil prices.</i>	\$ 1,600,000	3/6/2022	AA-	Aa1	N/A
Payden & Rygel					
Chevron <i>On February 11, 2021, S&P downgraded the long-term ratings of Chevron from AA to AA-. The downgrade is due to pandemic induced struggles in the oil and gas industry, energy transitions, price volatility, and weaker profitability are increasing risks for oil and gas producers. The security complies with the requirements of the Investment Policy, and the investment manager is comfortable holding the security due to Chevron's large scale, globally diversified operations, and recent stabilizations in oil prices.</i>	\$ 455,000	5/11/2023	AA-	Aa2	N/A
Negative Credit Watch:					
PFM					
Merck & Co. <i>On February 5, 2020, S&P placed the long-term ratings of Merck & Co. under review for possible downgrade. The credit watch placement is due to Merck's announcement that it will be spinning off a large portion of their brand. The security complies with the requirements of the Investment Policy, and the investment manager is comfortable holding the security due to the industry strength of Merck, and their vast pharmaceutical diversification.</i>	\$ 1,250,000	2/10/2022	AA-	A1	A+
Payden & Rygel					
Duke Energy <i>On February 16, 2021, Moody's placed the long-term ratings of Duke Energy under review for possible downgrade. The credit watch placement is due to Duke's weakened financial credit metrics due to a recent regulatory settlement in North Carolina, Duke's largest state by assets. The security remains in compliance with the requirements of the Investment Policy, and the investment manager is comfortable holding the security due to Duke's low business and operating risk profile.</i>	\$ 2,475,000	3/15/2023	A	Aa2	N/A
Southern CA Public Power Authority <i>On September 11, 2020, S&P placed the long-term ratings of the Southern CA Public Power Authority (SCAPPA) under review for possible downgrade. The credit watch placement is due to the weakening of one of the project participants, the City of Anaheim, this weakening comes as a result of implications from COVID-19, and its impacts on the tourism and hospitality industries. The security remains in compliance with the requirements of the Investment Policy. Based on the fundamental value of the utility itself as well as the inherent value of the bond, the investment manager is comfortable holding the security.</i>	\$ 2,735,000	7/1/2023	AA-	N/A	AA-

*5/11/23, 8/11/23

DEBT PROGRAM

(M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, 2017 TIFIA Loan (I-405))

Total Outstanding Debt*
As of 2/28/21



TOTAL OUTSTANDING DEBT: \$990,890,000

*Comprised of OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, and 2017 TIFIA Loan (I-405)) currently outstanding and irrespective of OCTA's investment program.

Outstanding Debt*

As of 2/28/21

Orange County Local Transportation Authority (OCLTA-M2)

2010 Series A Taxable Build America Bonds - Sales Tax Revenue Bonds

Issued:	\$ 293,540,000
Outstanding:	250,000,000
Debt Service FY 2021:	17,270,000
Pledged Revenue Source:	M2 Sales Tax Revenues
Ratings (Fitch/ Moody's/ S&P):	AA+/Aa2/AA+
Final Maturity:	2041

2019 M2 Sales Tax Bond

Issued:	\$ 376,690,000
Outstanding:	368,625,000
Debt Service FY 2021:	26,569,650
Pledged Revenue Source:	M2 Sales Tax Revenues
Ratings (Fitch/ S&P):	AA+/AA+
Final Maturity:	2041

91 Express Lanes

2013 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$ 124,415,000
Outstanding:	85,265,000
Debt Service FY 2021:	10,795,075
Pledged Revenue Source:	91 Toll Road Revenues
Ratings (Fitch/ Moody's/ S&P):	A+/A1/AA-
Final Maturity:	2030

405 Express Lanes

2017 TIFIA Loan

Outstanding:	\$ 287,000,000
Accrued Interest:	21,619,546
Pledged Revenue Source:	405 Toll Road Revenues
Ratings (Moody's):	Baa2
Final Maturity:	2058

*Comprised of OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, and 2017 TIFIA Loan (I-405)) currently outstanding and irrespective of OCTA's investment program.

**Orange County Transportation Authority
Portfolio Listing
As of February 28, 2021**

LIQUID PORTFOLIO					
DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD	
<u>CASH EQUIVALENTS</u>					
BANK DEPOSITS	2/28/2021	23,301,053.00	23,301,053.00		
MONEY MARKET DEMAND ACCOUNT	N/A	55,033,750.99	55,033,750.99	0.10%	
FIDELITY TREASURY OBLIGATIONS FUND	N/A	31,180,943.55	31,180,943.55	0.01%	
FEDERATED TREASURY OBLIGATIONS FUND	N/A	3,653,304.16	3,653,304.16	0.01%	
SUB-TOTAL		113,169,051.70	113,169,051.70		
<u>LOCAL AGENCY INVESTMENT FUND (LAIF)</u>					
	N/A	70,939,988.31	70,939,988.31	0.41%	
<u>ORANGE COUNTY INVESTMENT POOL (OCIP)</u>					
	N/A	22,605,370.41	22,605,370.41	0.69%	
LIQUID PORTFOLIO - TOTAL		\$ 206,714,410.42	\$ 206,714,410.42		
SHORT-TERM PORTFOLIO					
DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD	
<u>Money Market Funds</u>					
FIRST AMER:GVT OBLG Z	2/28/2021	1,142,934.56	1,142,934.56	0.03	
FIRST AMER:GVT OBLG Z	2/28/2021	2,093,828.26	2,093,828.26	0.03	
FIRST AMER:GVT OBLG Z	2/28/2021	2,691,486.55	2,691,486.55	0.03	
FIRST AMER:GVT OBLG Z	2/28/2021	3,634,275.45	3,634,275.45	0.03	
SUB-TOTAL		9,562,524.82	9,562,524.82		
<u>NEGOTIABLE CERTIFICATES OF DEPOSIT</u>					
Credit Suisse AG, New York Branch	2/1/2022	3,100,000.00	3,102,604.00	0.43	
DNB Bank ASA, New York Branch	12/2/2022	3,875,000.00	3,987,685.00	0.40	
Nordea Bank Abp, New York Branch	8/26/2022	3,875,000.00	3,976,447.50	0.12	
Skandinaviska Enskilda Banken AB (publ.)	8/26/2022	3,875,000.00	3,977,416.25	0.11	
Societe Generale, New York Branch	2/14/2022	4,000,000.00	4,067,840.00	0.04	
Sumitomo Mitsui Banking Corporation, New York Branch	7/8/2022	3,075,000.00	3,077,583.00	0.64	
SUB-TOTAL		21,800,000.00	22,189,575.75		
<u>U.S. TREASURY OBLIGATIONS</u>					
UNITED STATES TREASURY	7/31/2022	4,097,668.75	4,190,327.70	0.15	
UNITED STATES TREASURY	7/31/2022	7,004,300.00	7,294,653.60	0.15	
UNITED STATES TREASURY	7/31/2022	6,005,625.00	6,147,180.00	0.15	
UNITED STATES TREASURY	7/31/2022	5,216,656.25	5,327,556.00	0.15	
UNITED STATES TREASURY	9/30/2022	7,534,603.16	7,766,690.40	0.15	
UNITED STATES TREASURY	10/31/2022	5,360,733.97	5,556,119.80	0.16	
UNITED STATES TREASURY	2/28/2023	5,538,052.36	5,811,349.20	0.18	
UNITED STATES TREASURY	2/15/2022	7,191,843.75	7,365,672.00	0.12	
UNITED STATES TREASURY	4/15/2022	6,003,750.00	6,143,220.00	0.14	
UNITED STATES TREASURY	12/31/2022	4,326,890.63	4,506,165.00	0.17	
UNITED STATES TREASURY	12/31/2022	6,439,408.22	6,826,581.00	0.17	
UNITED STATES TREASURY	1/31/2023	1,253,320.31	1,288,087.50	0.17	
UNITED STATES TREASURY	1/31/2023	2,911,894.53	2,988,363.00	0.17	
UNITED STATES TREASURY	3/31/2023	15,308,789.06	15,413,100.00	0.18	
UNITED STATES TREASURY	6/30/2023	4,097,187.50	4,107,360.00	0.23	
UNITED STATES TREASURY	11/15/2022	3,995,937.50	4,100,640.00	0.16	
UNITED STATES TREASURY	2/28/2022	1,006,718.75	1,017,730.00	0.11	
UNITED STATES TREASURY	4/30/2022	633,273.05	642,946.50	0.12	
UNITED STATES TREASURY	4/30/2022	1,974,765.63	2,041,100.00	0.12	
UNITED STATES TREASURY	5/31/2022	9,031,289.06	9,182,430.00	0.14	
UNITED STATES TREASURY	6/30/2022	2,010,156.25	2,043,200.00	0.14	
UNITED STATES TREASURY	10/15/2022	745,312.50	764,857.50	0.16	
UNITED STATES TREASURY	1/15/2023	2,713,289.06	2,767,932.00	0.16	
UNITED STATES TREASURY	1/15/2023	4,101,875.00	4,100,640.00	0.16	
UNITED STATES TREASURY	5/15/2023	2,192,093.75	2,196,744.00	0.19	
UNITED STATES TREASURY	6/15/2023	4,003,281.25	4,004,080.00	0.21	
UNITED STATES TREASURY	6/15/2023	1,051,927.73	1,051,071.00	0.21	
UNITED STATES TREASURY	10/15/2023	9,980,859.38	9,966,400.00	0.25	
UNITED STATES TREASURY	11/15/2023	4,123,057.81	4,117,569.20	0.27	
UNITED STATES TREASURY	11/30/2022	874,179.69	874,763.75	0.14	
UNITED STATES TREASURY	12/15/2023	1,995,468.75	1,991,100.00	0.28	
UNITED STATES TREASURY	12/15/2023	2,418,842.77	2,414,208.75	0.28	
UNITED STATES TREASURY	12/31/2022	1,924,849.61	1,924,249.25	0.15	
UNITED STATES TREASURY	1/31/2023	7,001,640.62	6,996,430.00	0.15	
UNITED STATES TREASURY	1/31/2025	8,313,750.00	8,255,280.00	0.55	
UNITED STATES TREASURY	12/15/2023	7,978,437.50	7,964,400.00	0.28	
UNITED STATES TREASURY	2/28/2022	10,149,609.38	10,102,300.00	0.11	
UNITED STATES TREASURY	10/15/2022	7,957,187.50	8,158,480.00	0.16	
UNITED STATES TREASURY	8/15/2022	6,983,046.88	7,139,440.00	0.14	
UNITED STATES TREASURY	4/30/2023	5,234,208.98	5,412,435.00	0.20	
UNITED STATES TREASURY	10/31/2023	8,007,187.50	8,290,960.00	0.26	
UNITED STATES TREASURY	5/31/2023	7,787,187.50	8,255,280.00	0.21	
UNITED STATES TREASURY	11/30/2022	7,718,648.44	8,051,082.00	0.17	
UNITED STATES TREASURY	7/31/2022	6,061,226.56	6,352,086.00	0.15	
UNITED STATES TREASURY	8/31/2022	2,874,960.94	3,077,700.00	0.15	
UNITED STATES TREASURY	8/31/2022	4,470,357.42	4,770,435.00	0.15	
UNITED STATES TREASURY	6/30/2022	4,329,843.75	4,597,200.00	0.14	
UNITED STATES TREASURY	5/15/2022	3,932,955.47	3,978,628.50	0.14	
UNITED STATES TREASURY	5/15/2022	8,869,816.41	8,940,393.00	0.14	
UNITED STATES TREASURY	5/15/2022	1,979,554.69	1,996,995.00	0.14	
UNITED STATES TREASURY	9/30/2022	9,196,083.40	9,376,459.95	0.16	
UNITED STATES TREASURY	9/30/2022	7,699,007.81	7,843,621.50	0.16	
UNITED STATES TREASURY	9/30/2022	10,407,680.66	10,586,325.75	0.16	
UNITED STATES TREASURY	9/30/2022	4,212,140.63	4,306,302.00	0.16	
UNITED STATES TREASURY	10/15/2022	6,859,031.25	7,036,689.00	0.16	
UNITED STATES TREASURY	10/15/2022	3,944,908.20	4,028,249.50	0.16	
UNITED STATES TREASURY	3/15/2023	4,087,313.28	4,082,411.80	0.17	
UNITED STATES TREASURY	3/15/2023	5,110,995.70	5,104,273.20	0.17	
UNITED STATES TREASURY	3/15/2023	3,678,658.20	3,674,674.00	0.17	
UNITED STATES TREASURY	3/15/2023	4,132,031.25	4,127,716.00	0.17	
UNITED STATES TREASURY	3/15/2023	2,821,000.00	2,818,928.00	0.17	
UNITED STATES TREASURY	3/15/2023	614,622.66	614,123.60	0.17	
UNITED STATES TREASURY	5/15/2023	4,098,078.13	4,093,932.00	0.19	
UNITED STATES TREASURY	5/15/2023	5,623,022.46	5,616,675.00	0.19	
UNITED STATES TREASURY	10/15/2023	4,989,843.75	4,983,200.00	0.25	
UNITED STATES TREASURY	10/15/2023	4,096,476.52	4,086,224.00	0.25	
UNITED STATES TREASURY	12/31/2022	47,714,000.00	47,695,391.54	0.15	
UNITED STATES TREASURY	12/31/2022	549,829.97	549,785.50	0.15	
UNITED STATES TREASURY	12/31/2022	36,440,759.77	36,440,782.55	0.15	
UNITED STATES TREASURY	12/31/2022	3,749,560.55	3,748,537.50	0.15	
UNITED STATES TREASURY	12/31/2022	5,799,668.82	5,797,738.00	0.15	

Orange County Transportation Authority
Portfolio Listing
As of February 28, 2021

DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
UNITED STATES TREASURY	12/31/2022	3,935,153.71	3,933,465.35	0.15
UNITED STATES TREASURY	1/15/2024	27,151,585.31	27,100,516.50	0.30
UNITED STATES TREASURY	1/15/2024	11,192,214.69	11,171,163.50	0.30
UNITED STATES TREASURY	1/15/2024	6,956,193.75	6,943,110.00	0.30
UNITED STATES TREASURY	1/15/2024	1,087,871.09	1,084,550.00	0.30
UNITED STATES TREASURY	1/15/2024	2,804,621.48	2,795,950.00	0.30
UNITED STATES TREASURY	1/15/2024	16,557,790.23	16,502,075.00	0.30
UNITED STATES TREASURY	1/31/2023	45,000.00	44,977.05	0.15
UNITED STATES TREASURY	1/31/2023	8,817,010.26	8,810,104.55	0.15
UNITED STATES TREASURY	1/31/2023	8,816,838.12	8,810,104.55	0.15
UNITED STATES TREASURY	1/31/2023	4,417,707.64	4,414,247.59	0.15
UNITED STATES TREASURY	1/31/2023	759,507.62	758,912.76	0.15
UNITED STATES TREASURY	1/31/2023	3,980,777.34	3,977,970.20	0.15
UNITED STATES TREASURY	1/31/2023	910,213.28	909,535.90	0.15
UNITED STATES TREASURY	1/31/2023	2,320,725.00	2,318,816.80	0.15
UNITED STATES TREASURY	1/31/2023	4,351,359.38	4,347,781.50	0.15
UNITED STATES TREASURY	1/31/2023	3,110,242.97	3,108,413.90	0.15
SUB-TOTAL		535,757,045.44	541,917,347.19	
FEDERAL AGENCY/GSE				
FEDERAL HOME LOAN MORTGAGE CORP	6/8/2022	6,996,640.00	7,010,080.00	0.14
FEDERAL NATIONAL MORTGAGE ASSOCIATION	5/22/2023	8,160,363.15	8,195,394.95	0.19
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/10/2023	7,758,283.75	7,781,297.75	0.22
FEDERAL HOME LOAN MORTGAGE CORP	4/20/2023	7,526,137.50	7,580,763.30	0.15
FEDERAL HOME LOAN MORTGAGE CORP	5/5/2023	7,146,997.00	7,180,959.50	0.18
FEDERAL HOME LOAN MORTGAGE CORP	6/26/2023	7,383,377.40	7,406,110.75	0.24
FEDERAL HOME LOAN MORTGAGE CORP	7/25/2022	4,963,756.50	4,975,646.75	0.12
FEDERAL HOME LOAN MORTGAGE CORP	8/24/2023	9,190,616.00	9,207,084.00	0.22
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	5,275,963.27	5,272,415.25	0.27
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	6,997,690.00	6,996,570.00	0.27
FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	3,088,437.00	3,088,282.00	0.27
FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	1,991,720.00	1,992,440.00	0.27
FEDERAL HOME LOAN MORTGAGE CORP	11/6/2023	8,192,620.00	8,190,652.00	0.29
FEDERAL HOME LOAN MORTGAGE CORP	12/4/2023	6,918,144.25	6,911,634.75	0.32
FHMS K-727 A1	10/25/2023	421,568.52	438,178.10	0.36
FEDERAL HOME LOAN MORTGAGE CORP	12/4/2023	5,959,094.65	5,953,487.55	0.32
FEDERAL NATIONAL MORTGAGE ASSOCIATION	11/27/2023	1,797,948.00	1,797,696.00	0.30
FEDERAL HOME LOAN MORTGAGE CORP	11/6/2023	4,705,761.00	4,704,630.60	0.29
FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	6,376,128.00	6,375,808.00	0.27
FEDERAL FARM CREDIT BANKS FUNDING CORP	10/2/2023	4,994,600.00	4,991,500.00	0.27
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	3,001,860.00	2,998,530.00	0.27
FEDERAL HOME LOAN MORTGAGE CORP	8/24/2023	8,001,840.00	8,006,160.00	0.22
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	5,098,317.00	5,097,501.00	0.27
FEDERAL FARM CREDIT BANKS FUNDING CORP	8/14/2023	7,983,280.00	7,993,120.00	0.23
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/10/2023	5,000,300.00	5,004,050.00	0.22
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/10/2023	3,203,098.50	3,212,600.10	0.22
FEDERAL HOME LOAN MORTGAGE CORP	6/26/2023	7,463,143.80	7,486,122.75	0.24
FEDERAL HOME LOAN MORTGAGE CORP	6/8/2022	7,995,360.00	8,011,520.00	0.14
FEDERAL NATIONAL MORTGAGE ASSOCIATION	5/22/2023	6,111,548.70	6,137,785.10	0.19
FEDERAL HOME LOAN MORTGAGE CORP	5/5/2023	7,621,797.50	7,658,016.25	0.18
FEDERAL FARM CREDIT BANKS FUNDING CORP	5/6/2022	8,124,668.55	8,144,517.95	0.15
FEDERAL FARM CREDIT BANKS FUNDING CORP	4/8/2022	7,204,321.80	7,233,542.55	0.14
FEDERAL HOME LOAN MORTGAGE CORP	1/13/2022	8,248,720.00	8,157,760.00	0.13
FEDERAL HOME LOAN BANKS	3/8/2024	5,201,750.00	5,231,750.00	0.34
FEDERAL FARM CREDIT BANKS FUNDING CORP	2/21/2023	5,000,600.00	5,127,600.00	0.16
FEDERAL HOME LOAN BANKS	9/8/2023	4,104,600.00	4,214,320.00	0.25
FEDERAL NATIONAL MORTGAGE ASSOCIATION	9/6/2022	3,986,080.00	4,076,680.00	0.12
FEDERAL HOME LOAN BANKS	9/8/2023	4,135,800.00	4,214,320.00	0.25
FEDERAL FARM CREDIT BANKS FUNDING CORP	8/14/2023	4,993,550.00	5,166,800.00	0.24
FEDERAL FARM CREDIT BANKS FUNDING CORP	2/1/2023	4,996,450.00	5,162,300.00	0.17
FEDERAL FARM CREDIT BANKS FUNDING CORP	6/26/2023	6,967,450.00	7,253,470.00	0.21
FEDERAL HOME LOAN BANKS	6/9/2023	4,029,880.00	4,179,560.00	0.16
FEDERAL HOME LOAN BANKS	6/9/2023	3,977,720.00	4,179,560.00	0.16
FEDERAL NATIONAL MORTGAGE ASSOCIATION	4/12/2022	6,370,496.00	6,554,112.00	0.11
FEDERAL HOME LOAN BANKS	3/10/2023	5,053,550.00	5,263,750.00	0.16
FEDERAL FARM CREDIT BANKS FUNDING CORP	7/17/2023	5,060,200.00	5,314,950.00	0.23
FEDERAL HOME LOAN BANKS	3/11/2022	3,046,221.55	3,153,764.65	0.11
FEDERAL HOME LOAN BANKS	3/11/2022	1,160,218.50	1,201,190.75	0.11
FEDERAL FARM CREDIT BANKS FUNDING CORP	12/17/2021	6,022,920.00	6,129,660.00	0.12
FEDERAL HOME LOAN BANKS	12/9/2022	7,058,660.00	7,349,580.00	0.20
FEDERAL FARM CREDIT BANKS FUNDING CORP	11/15/2021	7,034,930.00	7,146,230.00	0.14
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/19/2023	2,233,875.00	2,396,117.00	0.17
FEDERAL HOME LOAN BANKS	9/9/2022	6,828,560.00	7,108,516.00	0.17
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/19/2023	4,411,710.00	4,688,055.00	0.17
FEDERAL HOME LOAN BANKS	6/10/2022	4,988,900.00	5,167,000.00	0.15
FEDERAL FARM CREDIT BANKS FUNDING CORP	3/1/2021	6,965,140.00	7,000,000.00	2.47
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/5/2022	6,815,760.00	7,113,540.00	0.11
FEDERAL HOME LOAN MORTGAGE CORP	10/20/2022	5,098,470.00	5,103,315.00	0.16
FEDERAL HOME LOAN MORTGAGE CORP	10/20/2022	5,839,084.50	5,838,792.75	0.16
FEDERAL HOME LOAN MORTGAGE CORP	8/12/2025	4,095,490.00	4,056,417.00	0.84
FEDERAL HOME LOAN MORTGAGE CORP	9/28/2023	4,084,387.25	4,086,919.95	0.22
FEDERAL HOME LOAN MORTGAGE CORP	9/28/2023	3,999,600.00	4,001,880.00	0.22
FEDERAL HOME LOAN MORTGAGE CORP	10/13/2023	4,097,950.00	4,096,556.00	0.33
FEDERAL HOME LOAN MORTGAGE CORP	11/24/2023	2,035,000.00	2,035,752.95	0.20
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/5/2022	251,800.00	254,055.00	0.11
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/5/2022	5,610,864.00	5,690,832.00	0.11
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/5/2022	5,677,685.00	5,741,643.00	0.11
FEDERAL NATIONAL MORTGAGE ASSOCIATION	10/27/2023	6,098,475.00	6,102,013.00	0.25
FEDERAL HOME LOAN MORTGAGE CORP	1/13/2022	5,652,771.25	5,684,939.00	0.13
FEDERAL HOME LOAN MORTGAGE CORP	1/13/2022	5,663,313.58	5,684,939.00	0.13
FEDERAL HOME LOAN MORTGAGE CORP	8/24/2023	4,745,155.00	4,753,657.50	0.22
FN 468431	7/1/2021	266,975.49	263,020.56	3.56
FN 468861	8/1/2021	598,238.19	589,375.97	3.28
FEDERAL HOME LOAN BANKS	2/12/2026	4,147,095.00	4,089,576.00	0.90
FEDERAL HOME LOAN MORTGAGE CORP	11/25/2024	2,250,000.00	2,244,600.00	0.51
FEDERAL HOME LOAN MORTGAGE CORP	8/24/2023	3,856,062.80	3,862,972.20	0.22
FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	3,098,399.70	3,098,244.20	0.27
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	8/1/2021	710,000.00	717,199.40	0.21
SUB-TOTAL		399,225,939.65	403,581,382.83	
MEDIUM TERM NOTES				
ADOBE INC	2/1/2023	449,383.50	461,952.00	0.32
AMAZON.COM INC	6/3/2023	2,022,165.00	2,029,333.50	0.31
AMERICAN HONDA FINANCE CORP	6/27/2022	3,796,504.00	3,891,390.00	0.39
APPLE INC	9/11/2022	589,899.70	603,280.90	0.24
APPLE INC	5/11/2023	1,475,974.40	1,492,742.80	0.36
BANK OF NEW YORK MELLON CORP	8/23/2022	1,724,448.00	1,769,246.25	0.23
BANK OF NEW YORK MELLON CORP	1/27/2023	1,099,230.00	1,130,162.00	0.35
BRISTOL-MYERS SQUIBB CO	11/13/2023	1,900,000.00	1,903,268.00	0.30

Orange County Transportation Authority
Portfolio Listing
As of February 28, 2021

DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
CATERPILLAR FINANCIAL SERVICES CORP	9/6/2022	1,048,540.50	1,075,116.00	0.33
CATERPILLAR FINANCIAL SERVICES CORP	11/18/2022	499,770.00	513,830.00	0.34
CATERPILLAR FINANCIAL SERVICES CORP	7/7/2023	1,124,370.00	1,132,751.25	0.36
CHEVRON USA INC	8/11/2023	450,000.00	450,324.00	0.40
CHEVRON CORP	5/11/2023	875,000.00	890,076.25	0.36
CITIGROUP INC	8/2/2021	1,723,295.00	1,765,330.00	0.33
JOHN DEERE CAPITAL CORP	1/10/2022	769,260.80	789,527.20	0.29
JOHN DEERE CAPITAL CORP	7/5/2023	399,672.00	403,712.00	0.30
JOHN DEERE CAPITAL CORP	10/10/2023	499,420.00	501,375.00	0.29
EXXON MOBIL CORP	3/6/2022	339,237.50	356,314.00	0.30
EXXON MOBIL CORP	3/6/2022	1,212,050.00	1,272,550.00	0.30
GOLDMAN SACHS GROUP INC	3/3/2024	440,856.00	439,092.00	0.72
GOLDMAN SACHS GROUP INC	1/27/2023	1,000,000.00	1,000,020.00	0.48
HOME DEPOT INC	3/1/2022	498,630.00	515,020.00	0.28
HONEYWELL INTERNATIONAL INC	8/8/2022	779,212.20	800,155.20	0.25
HONEYWELL INTERNATIONAL INC	8/19/2022	1,875,000.00	1,877,156.25	0.24
IBM CREDIT LLC	2/6/2023	1,057,720.00	1,052,580.00	0.29
INTERNATIONAL BUSINESS MACHINES CORP	2/12/2024	1,027,845.50	1,021,870.85	0.46
JPMORGAN CHASE & CO	4/1/2023	1,000,000.00	1,030,740.00	0.40
MERCK & CO INC	2/10/2022	1,226,775.00	1,275,062.50	0.25
MICROSOFT CORP	2/6/2022	2,049,725.70	2,128,330.60	0.27
MORGAN STANLEY	5/19/2022	496,685.00	514,640.00	0.36
MORGAN STANLEY	2/25/2023	1,063,280.00	1,064,770.00	0.49
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	1/21/2022	1,099,032.00	1,113,860.00	0.35
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/8/2024	809,441.10	807,813.00	0.44
NORTHERN TRUST CORP	8/2/2022	1,012,140.00	1,028,350.00	0.39
ORACLE CORP	9/15/2021	1,187,662.00	1,234,175.25	0.30
PNC BANK NA	2/24/2023	800,000.00	810,408.00	0.43
PACCAR FINANCIAL CORP	3/1/2022	499,560.00	513,170.00	0.25
PACCAR FINANCIAL CORP	5/10/2022	999,460.00	1,028,320.00	0.29
PACCAR FINANCIAL CORP	8/11/2023	449,410.50	450,013.50	0.35
PEPSICO INC	5/1/2023	923,168.50	933,537.75	0.32
PEPSICO INC	10/7/2023	524,700.75	526,743.00	0.27
PFIZER INC	9/15/2021	873,818.75	887,407.50	0.43
PFIZER INC	3/11/2022	424,974.50	436,296.50	0.24
3M CO	3/1/2022	1,154,457.15	1,181,853.75	0.25
TOYOTA MOTOR CREDIT CORP	1/11/2022	3,686,662.50	3,822,900.00	0.37
TOYOTA MOTOR CREDIT CORP	1/11/2024	2,149,871.00	2,148,065.00	0.48
UNILEVER CAPITAL CORP	3/7/2022	1,990,320.00	2,055,360.00	0.31
U.S. BANCORP	3/15/2022	509,935.00	513,095.00	0.29
U.S. BANCORP	7/30/2024	2,662,075.00	2,650,725.00	0.57
PACCAR FINANCIAL CORP	2/2/2024	1,618,120.80	1,615,253.40	0.45
U.S. BANCORP	2/5/2024	2,107,940.00	2,163,820.00	0.49
AMERICAN HONDA FINANCE CORP	1/12/2024	1,585,215.00	1,624,155.00	0.64
PACCAR FINANCIAL CORP	2/7/2023	2,274,886.25	2,343,500.25	0.35
PACCAR FINANCIAL CORP	9/26/2022	1,498,170.00	1,540,335.00	0.30
AMERICAN HONDA FINANCE CORP	11/16/2022	2,021,300.00	2,073,960.00	0.44
BERKSHIRE HATHAWAY INC	3/15/2023	2,014,300.00	2,089,840.00	0.36
WALMART INC	6/26/2023	2,056,460.00	2,135,860.00	0.37
BANK OF AMERICA CORP	1/11/2023	3,034,740.00	3,166,740.00	0.32
WALMART INC	6/26/2023	3,083,010.00	3,203,790.00	0.37
APPLE INC	5/3/2023	1,977,040.00	2,089,440.00	0.34
BERKSHIRE HATHAWAY INC	3/15/2023	2,924,460.00	3,134,760.00	0.36
APPLE INC	2/23/2023	2,949,060.00	3,137,880.00	0.32
VISA INC	12/14/2022	1,962,480.00	2,082,460.00	0.27
BANK OF NEW YORK MELLON CORP	1/29/2023	2,944,320.00	3,142,920.00	0.35
DEERE & CO	6/8/2022	1,466,700.00	1,535,535.00	0.30
TOYOTA MOTOR CREDIT CORP	4/13/2021	2,488,525.00	2,507,875.00	0.53
ORACLE CORP	5/15/2022	3,897,640.00	4,091,560.00	0.32
GENERAL DYNAMICS CORP	5/11/2021	3,985,000.00	4,021,320.00	0.44
CHARLES SCHWAB CORP	5/21/2021	1,554,953.35	1,561,484.35	0.51
JOHN DEERE CAPITAL CORP	3/4/2021	1,344,769.75	1,355,203.25	2.10
AMERICAN EXPRESS CO	8/1/2022	3,103,260.00	3,087,240.00	0.33
ASSOCIATION OF AMERICAN MEDICAL COLLEGES	10/1/2022	2,990,000.00	3,014,547.90	1.40
TRUIST FINANCIAL CORP	6/20/2022	2,339,167.50	2,325,712.50	0.31
TRUIST FINANCIAL CORP	3/16/2023	2,947,817.00	3,053,279.50	0.41
BAYCARE HEALTH SYSTEM INC	11/15/2022	1,456,344.00	1,491,753.60	0.51
CATERPILLAR FINANCIAL SERVICES CORP	7/7/2023	3,053,289.20	3,076,048.95	0.36
CREDIT SUISSE AG (NEW YORK BRANCH)	2/2/2024	2,655,000.00	2,650,619.25	0.55
GEORGIA-PACIFIC LLC	5/15/2024	3,064,049.85	3,059,237.80	0.68
HONEYWELL INTERNATIONAL INC	8/19/2022	4,015,000.00	4,019,617.25	0.24
HUNTINGTON NATIONAL BANK	8/7/2022	2,024,431.10	2,028,509.00	0.32
KEYBANK NA	11/22/2021	1,785,864.60	1,855,913.56	0.43
KEYBANK NA	11/22/2021	1,953,600.00	2,030,540.00	0.43
MASSMUTUAL GLOBAL FUNDING II	6/9/2023	3,982,648.85	4,025,128.95	0.41
NATIONAL SECURITIES CLEARING CORP	4/23/2023	3,162,024.90	3,218,678.40	0.41
NEW YORK LIFE GLOBAL FUNDING	5/5/2023	2,084,562.15	2,116,629.45	0.40
PACIFIC LIFE GLOBAL FUNDING II	9/23/2023	2,022,468.75	2,028,240.00	0.44
PROTECTIVE LIFE GLOBAL FUNDING	6/9/2023	3,500,000.00	3,555,055.00	0.39
TOYOTA MOTOR CREDIT CORP	1/11/2024	2,544,847.30	2,542,709.50	0.48
VIRGINIA ELECTRIC AND POWER CO	3/15/2023	2,087,580.00	2,084,760.00	0.39
WELLS FARGO & CO	7/22/2022	1,551,524.80	1,568,032.00	0.37
WELLS FARGO & CO	7/22/2022	3,959,048.01	4,007,766.00	0.37
ADOBE INC	2/1/2023	1,103,486.15	1,134,348.80	0.32
AMERICAN EXPRESS CO	5/20/2022	1,558,128.00	1,603,227.60	0.33
AMERIPRISE FINANCIAL INC	3/22/2022	1,535,888.20	1,583,674.40	0.35
AMERIPRISE FINANCIAL INC	3/22/2022	119,877.60	123,403.20	0.35
APPLE INC	1/13/2023	647,825.00	648,731.25	0.28
APPLE INC	9/11/2022	1,874,681.25	1,917,206.25	0.24
APPLE INC	5/11/2023	1,441,069.60	1,457,441.45	0.36
TRUIST FINANCIAL CORP	6/20/2022	2,048,120.00	2,067,300.00	0.31
TRUIST FINANCIAL CORP	3/16/2023	1,943,560.70	2,013,094.45	0.41
BANK OF AMERICA CORP	5/17/2022	1,075,000.00	1,082,127.25	0.54
BANK OF NEW YORK MELLON CORP	4/28/2023	1,352,323.95	1,386,942.30	0.37
BANK OF NEW YORK MELLON CORP	1/27/2023	2,228,439.00	2,291,146.60	0.35
BRISTOL-MYERS SQUIBB CO	11/13/2023	880,000.00	881,513.60	0.30
CATERPILLAR FINANCIAL SERVICES CORP	11/29/2022	859,078.00	883,167.00	0.32
CATERPILLAR FINANCIAL SERVICES CORP	9/7/2021	1,713,679.45	1,740,673.55	0.32
CATERPILLAR FINANCIAL SERVICES CORP	9/6/2022	1,353,116.55	1,387,411.60	0.33
CATERPILLAR FINANCIAL SERVICES CORP	11/18/2022	1,469,323.80	1,510,660.20	0.34
CHEVRON CORP	5/11/2023	455,000.00	462,839.65	0.36
CISCO SYSTEMS INC (PRE-MERGER)	9/20/2021	1,894,243.00	1,913,851.00	0.34
CITIGROUP INC	12/8/2021	1,012,830.00	1,018,260.00	0.29
CITIZENS BANK NA	5/13/2021	1,493,725.00	1,493,948.50	0.52
COMERICA INC	7/31/2023	2,120,020.00	2,149,800.00	0.48
CONSUMERS ENERGY CO	6/1/2023	579,802.80	579,721.60	0.37
JOHN DEERE CAPITAL CORP	6/13/2022	1,438,142.40	1,471,536.00	0.26
JOHN DEERE CAPITAL CORP	4/6/2023	519,875.20	529,318.40	0.35
DUKE ENERGY CAROLINAS LLC	3/15/2023	2,502,051.75	2,568,604.50	0.48

Orange County Transportation Authority
Portfolio Listing
As of February 28, 2021

DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
ERP OPERATING LP	4/15/2023	1,933,786.40	1,933,086.82	0.34
ENTERGY LOUISIANA LLC	11/17/2023	759,863.20	761,558.00	0.34
ENTERGY LOUISIANA LLC	11/17/2023	740,355.20	741,517.00	0.34
FIFTH THIRD BANK NA (OHIO)	1/30/2023	1,473,761.00	1,516,875.25	0.26
HONEYWELL INTERNATIONAL INC	8/8/2022	1,018,969.80	1,046,356.80	0.25
HUNTINGTON NATIONAL BANK	2/3/2023	1,568,681.20	1,611,385.20	0.37
KEYBANK NA	3/7/2023	694,840.24	708,474.12	0.38
KEYBANK NA	3/7/2023	311,595.00	318,177.00	0.38
KEYBANK NA	3/7/2023	150,524.50	153,785.55	0.38
KEYBANK NA	3/7/2023	821,620.13	834,684.33	0.38
MORGAN STANLEY	5/19/2022	1,912,255.00	1,955,632.00	0.36
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	4/25/2022	1,208,052.00	1,226,400.00	0.36
NIKE INC	3/27/2025	134,816.40	142,879.95	0.91
PNC BANK NA	7/22/2022	1,925,000.00	1,939,899.50	0.32
PNC BANK NA	2/24/2023	315,000.00	319,098.15	0.43
PACCAR FINANCIAL CORP	9/26/2022	714,127.70	734,226.35	0.30
PACCAR FINANCIAL CORP	2/7/2023	1,999,900.00	2,060,220.00	0.35
PRECISION CASTPARTS CORP	1/15/2023	1,965,015.00	2,016,963.00	0.39
TRUIST BANK	5/17/2022	1,978,990.20	2,035,895.40	0.32
US BANK NA	1/21/2022	804,718.25	815,215.45	0.25
WALMART INC	12/15/2022	1,323,622.40	1,325,619.20	0.27
WELLS FARGO BANK NA	10/22/2021	1,789,803.06	1,823,294.00	0.35
SUB-TOTAL		222,106,840.79	226,672,713.88	
<u>MORTGAGE AND ASSET-BACK SECURITIES</u>				
ALLYA 2019-1 A3	9/15/2023	1,002,535.29	1,018,438.22	0.76
COMET 2019-2 A	9/15/2022	2,749,307.55	2,809,950.00	0.31
COPAR 2019-1 A3	11/15/2023	814,163.20	826,779.26	0.65
CARMX 2020-4 A3	8/15/2025	474,895.45	476,182.75	0.40
CARMX 2021-1 A3	12/15/2025	649,871.56	648,940.50	0.40
DCENT 2019-3 A	10/15/2024	999,785.20	1,026,810.00	0.25
FNA 2012-M5 A2	2/25/2022	603,645.06	613,108.25	1.06
FNA 2013-M1 A2	8/25/2022	835,225.13	845,133.74	0.30
FNA 2013-M7 A2	12/25/2022	716,928.69	726,764.42	0.14
FHMS K-018 A2	1/25/2022	3,168,010.14	3,239,367.15	0.31
FHMS K-019 A2	3/25/2022	2,343,688.84	2,416,348.94	0.25
FHMS K-020 A1	1/25/2022	76,965.45	78,949.12	0.38
FHMS K-022 A2	7/25/2022	1,204,406.25	1,229,724.00	0.35
FHMS K-023 A1	4/25/2022	353,003.84	364,228.08	0.27
FHMS K-023 A2	8/25/2022	1,775,839.84	1,796,532.50	0.32
FHMS K-026 A2	11/25/2022	3,462,687.50	3,509,718.00	0.43
FHMS K-026 A2	11/25/2022	510,800.78	516,135.00	0.43
FHMS K-029 A1	10/25/2022	239,300.88	242,921.39	0.19
FHMS K-029 A1	10/25/2022	437,178.96	444,350.00	0.19
FHMS K-034 A1	2/25/2023	775,217.06	796,533.89	0.25
FHMS K-035 A1	3/25/2023	653,143.48	670,239.66	0.24
FHMS K-717 A2	9/25/2021	767,798.26	774,525.64	0.30
FHMS K-720 A2	6/25/2022	2,196,304.69	2,252,756.00	0.38
FHMS K-720 A2	6/25/2022	1,005,312.50	1,023,980.00	0.38
FHMS K-P05 A	7/25/2023	228,840.16	234,236.91	0.96
FHMS K-J27 A1	7/25/2024	995,817.42	1,028,644.33	0.43
FITAT 2019-1 A3	12/15/2023	521,911.75	530,196.21	0.59
FORDL 2019-A A3	5/15/2022	312,024.21	313,162.63	0.01
FORDO 2021-A A3	8/15/2025	859,927.50	859,140.00	0.34
GMCAR 2019-1 A3	11/16/2023	1,427,399.13	1,448,271.02	0.23
GMCAR 2020-3 A3	4/16/2025	899,794.08	902,628.00	0.31
GMCAR 2020-4 A3	8/18/2025	424,909.18	424,966.00	0.38
GMALT 2021-1 A3	2/20/2024	1,084,888.90	1,084,197.10	0.31
GMALT 2019-3 A3	6/20/2022	633,169.24	637,222.16	0.09
HDMOT 2020-A A3	10/15/2024	874,809.16	890,172.50	0.47
HAROT 2018-4 A3	1/15/2023	631,690.25	640,996.12	0.61
HAROT 2018-3 A3	8/22/2022	566,232.57	571,735.52	0.71
HALST 2021-A A3	1/16/2024	494,938.22	495,410.85	0.28
HART 2019-A A3	6/15/2023	367,410.48	372,500.37	0.58
MBALT 2020-B A3	11/15/2023	259,986.82	260,533.00	0.25
MBART 2020-1 A3	2/18/2025	624,951.19	627,662.50	0.32
MBART 2018-1 A3	1/15/2023	598,960.72	604,458.43	0.89
MBALT 2019-A A3	11/15/2021	292,198.78	293,133.64	-0.27
NALT 2019-B A3	7/15/2022	495,112.73	498,126.55	0.14
NAROT 2018-C A3	6/15/2023	628,939.14	639,804.01	0.62
NAROT 2020-B A3	7/15/2024	1,149,968.49	1,154,968.00	0.27
NAROT 2018-B A3	3/15/2023	806,771.00	817,656.63	0.65
NAROT 2019-C A3	7/15/2024	899,952.48	917,181.00	0.52
NAROT 2019-A A3	10/16/2023	1,969,768.41	2,004,818.86	0.61
NALT 2019-A A3	3/15/2022	136,061.69	136,839.01	-0.32
TAOT 2018-D A3	3/15/2023	673,944.55	683,473.69	0.41
TAOT 2018-B A3	9/15/2022	528,154.91	532,646.88	0.43
TAOT 2019-C A3	9/15/2023	1,099,990.98	1,115,147.00	0.40
VZOT 2020-B A	2/20/2025	799,832.00	802,920.00	0.27
VZOT 2019-C A1A	4/22/2024	1,424,890.13	1,451,277.00	0.31
VZOT 2020-A A1A	7/22/2024	999,882.90	1,021,880.00	0.29
VWALT 2019-A A3	11/21/2022	899,985.78	910,836.00	0.08
VALET 2018-2 A3	4/20/2023	1,386,056.81	1,405,797.86	0.10
WOART 2020-B A3	5/15/2025	999,921.60	1,004,700.00	0.40
TAOT 2021-A A3	5/15/2025	3,699,313.28	3,696,448.00	0.30
TAOT 2020-D A3	1/15/2025	1,689,685.15	1,691,994.20	0.29
JDOT 2020 A3	8/15/2024	2,124,870.16	2,145,166.25	0.47
HAROT 2020-1 A3	4/22/2024	2,939,423.76	2,995,948.20	0.37
MBALT 2020-A A3	12/15/2022	1,409,814.16	1,426,948.20	0.13
NAROT 2019-C A3	7/15/2024	2,954,843.98	3,011,410.95	0.52
HAROT 2019-3 A3	8/15/2023	2,764,977.05	2,802,299.85	0.43
JDOT 2019-B A3	12/15/2023	1,424,697.47	1,447,044.75	0.32
BACCT 2018-2 A	9/15/2023	3,056,678.52	3,020,053.40	0.55
BACCT 2018-2 A	9/15/2023	1,086,593.36	1,073,573.80	0.55
BMWLT 2019-1 A4	8/22/2022	4,789,968.75	4,761,335.25	0.14
CNH 2020-A A2	7/17/2023	654,349.71	656,453.10	0.39
CARMX 2019-3 A2A	12/15/2022	476,670.51	478,322.20	0.51
CARMX 2020-1 A3	12/16/2024	1,024,798.90	1,047,570.50	0.66
FH G12952	12/1/2022	104,450.69	103,790.88	0.80
FH G18303	3/1/2024	322,179.72	0.01	-0.20
FNR 2012-50 VA	7/25/2023	139,064.61	135,591.31	0.19
FNA 2012-M9 A2	4/25/2022	312,820.34	315,653.72	0.40
FNA 2012-M9 A2	4/25/2022	64,457.44	65,043.80	0.40
FNA 2012-M17 A2	11/25/2022	389,056.34	412,764.05	0.32
FNR 2013-136 CV	6/25/2023	294,974.99	291,357.20	-0.02
FHMS K-015 A2	7/25/2021	473,856.92	476,417.36	0.42
FHMS K-015 A2	7/25/2021	129,601.50	128,266.21	0.42
FHMS 2011-K016 A2	10/25/2021	2,073,506.25	2,104,193.00	0.31
FHMS 2011-K016 A2	10/25/2021	598,522.67	595,958.80	0.31

Orange County Transportation Authority
Portfolio Listing
As of February 28, 2021

DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
FHMS K-020 A2	5/25/2022	487,851.56	508,825.00	0.61
FHMS K-020 A2	5/25/2022	97,562.50	101,765.00	0.61
FHMS K-020 A2	5/25/2022	194,437.50	203,530.00	0.61
FHMS K-021 A2	6/25/2022	979,257.81	1,023,140.00	0.33
FHMS K-023 A1	4/25/2022	35,152.05	36,422.81	0.27
FHMS K-023 A1	4/25/2022	171,905.72	175,740.05	0.27
FHMS K-025 A1	4/25/2022	117,714.03	119,395.32	0.46
FHMS K-025 A2	10/25/2022	500,603.91	505,640.80	0.52
FHMS K-025 A2	10/25/2022	3,611,499.61	3,647,837.20	0.52
FHMS K-S01 A2	1/25/2023	219,954.87	231,370.17	0.41
FHMS K-027 A1	9/25/2022	36,224.06	37,560.59	0.26
FHMS K-027 A2	1/25/2023	2,101,558.59	2,182,005.00	0.32
FHMS K-027 A2	1/25/2023	1,875,366.21	1,948,218.75	0.32
FHR 4285 BA	12/15/2023	554,557.85	553,729.29	0.72
FHMS K-041 A1	8/25/2024	2,004,142.01	1,994,240.96	0.37
FHMS K-046 A1	1/25/2025	670,642.73	671,809.91	0.18
FHMS K-047 A1	12/25/2024	750,864.14	769,120.17	0.21
FHMS K-050 A1	1/25/2025	2,892,426.56	2,882,340.68	0.11
FN AM0359	8/1/2022	2,666,997.27	2,691,191.71	1.21
FN AM1568	12/1/2022	1,376,217.93	1,411,761.66	2.45
FN AM1568	12/1/2022	1,404,249.96	1,411,761.66	2.45
FN AM1999	7/1/2021	2,174,545.10	2,234,781.32	1.74
FN AN0429	1/1/2025	991,778.33	986,284.00	0.91
FNR 0338C MP	5/25/2023	197,645.85	197,578.07	0.90
FNR 0338C MP	5/25/2023	217,553.72	216,957.04	0.90
FNR 0333J LB	5/25/2023	123,026.31	122,834.93	1.31
FNR 0364L HQ	7/25/2023	131,260.52	131,882.57	0.90
FHR 2666 OD	8/15/2023	122,953.87	123,706.93	0.90
FHR 2666 OD	8/15/2023	127,925.01	128,495.58	0.90
FHR 2756 KA	2/15/2024	484,930.88	480,345.87	1.25
FNR 2008-45 DB	6/25/2023	207,672.42	207,827.90	0.80
FN BM6007	5/1/2023	559,513.93	551,738.92	1.11
FORDF 2017-3 A	9/15/2022	776,132.81	775,042.50	0.32
FORDF 2020-1 A1	9/15/2025	1,007,617.19	1,005,650.00	0.48
GMALT 2020-2 B	7/22/2024	4,078,992.65	4,165,435.20	0.36
JDOT 2019-B A2	5/16/2022	22,540.97	22,565.40	0.23
JDOT 2019-B A2	5/16/2022	4,106.06	4,102.80	0.23
MMAF 20B A3	8/14/2025	3,469,950.38	3,465,836.00	0.55
MMAF 20A A2	4/9/2024	1,669,844.69	1,677,297.90	0.17
NAROT 2017-C A3	4/18/2022	7,905.81	7,919.24	0.28
NAROT 2017-C A3	4/18/2022	4,953.39	5,039.52	0.28
PFSFC 2019-A A2	4/15/2024	517,893.52	516,867.71	0.43
PFSFC 20B A	6/17/2024	1,564,789.51	1,581,886.35	0.38
PFSFC 20E A	10/15/2025	302,156.25	302,169.00	0.72
PFSFC 20E A	10/15/2025	1,007,421.87	1,007,230.00	0.72
SCART 20A A	10/15/2024	1,891,101.98	1,908,466.86	0.51
TFET 191 A3	4/24/2023	1,974,661.88	1,999,924.50	0.51
COPAR 2020-1 A3	11/15/2024	2,129,547.16	2,164,122.60	0.64
DRIVE 2020-2 A3	5/15/2024	629,975.93	633,036.60	0.34
FNA 2011-M5 A2	7/25/2021	188,419.15	183,519.11	-0.13
FHMS K-020 A2	5/25/2022	2,714,871.09	2,747,655.00	0.61
FHMS K-SMC A2	1/25/2023	1,483,888.67	1,551,522.10	0.36
FHMS K-SMC A2	1/25/2023	2,030,198.44	2,124,231.60	0.36
FHMS K-SMC A2	1/25/2023	410,500.00	416,516.00	0.36
FHMS K-717 A2	9/25/2021	1,598,912.91	1,597,459.13	0.30
FHMS K-724 A1	3/25/2023	921,700.23	944,201.48	0.43
FHMS K-J33 A1	12/25/2025	1,449,953.60	1,443,170.50	0.57
FHMS K-727 A2	7/25/2024	4,493,337.89	4,458,147.00	0.72
FHMS K-J23 A2	12/25/2022	1,235,138.97	1,245,840.88	1.08
FHMS K-J30 A1	1/25/2025	1,592,037.64	1,588,692.71	0.59
HDMOT 2019-A A3	2/15/2024	3,753,921.23	3,803,467.06	0.54
HAROT 2019-3 A3	8/15/2023	1,809,984.98	1,834,416.90	0.43
JDOT 2019 A3	7/17/2023	1,379,076.10	1,401,975.57	0.64
JDOT 2020 A3	8/15/2024	2,799,828.92	2,826,572.00	0.47
MBALT 2020-A A3	12/15/2022	1,029,864.25	1,042,380.60	0.13
SDART 2020-2 A3	4/15/2024	859,901.01	862,416.60	0.33
SDART 2020-3	7/15/2024	2,469,763.87	2,475,606.90	0.32
SDART 2021-1 A3	9/16/2024	2,949,875.51	2,948,672.50	0.35
TAOT 2018-A A3	5/16/2022	0.00	0.00	0.34
TAOT 2019-C A3	9/15/2023	1,829,984.99	1,855,199.10	0.40
VWALT 2019-A A3	11/21/2022	849,986.57	860,234.00	0.08
	SUB-TOTAL	176,813,016.03	178,493,690.04	

Municipal Debt

CALIFORNIA EARTHQUAKE AUTH REV	7/1/2022	815,000.00	826,450.75	0.28
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2022	625,000.00	625,325.00	0.32
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2023	230,000.00	229,919.50	0.43
CALIFORNIA ST UNIV REV	11/1/2023	1,000,000.00	1,001,630.00	0.41
CONNECTICUT ST	7/1/2023	226,343.25	233,797.50	0.33
FLORIDA ST BRD ADMIN FIN CORP REV	7/1/2025	1,025,000.00	1,040,416.00	0.90
LOS ANGELES CALIF CMNTY COLLEGE DIST	8/1/2023	760,000.00	761,611.20	0.36
MARYLAND ST	8/1/2023	2,125,000.00	2,133,393.75	0.25
MISSISSIPPI ST	11/1/2023	925,000.00	927,173.75	0.33
NEW JERSEY ST TPK AUTH TPK REV	1/1/2025	850,000.00	847,441.50	0.98
NEW YORK ST URBAN DEV CORP REV	3/15/2023	915,000.00	910,351.80	0.73
NEW YORK ST URBAN DEV CORP REV	3/15/2024	2,790,000.00	2,765,922.30	0.91
PORT AUTH N Y & N J	7/1/2023	1,125,000.00	1,142,763.75	0.41
PORT AUTH N Y & N J	7/1/2023	1,101,416.70	1,112,290.05	0.41
NEW YORK ST	2/15/2024	3,000,000.00	3,142,230.00	0.40
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2022	2,865,000.00	2,918,718.75	0.41
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2022	1,105,500.00	1,120,625.00	0.41
CALIFORNIA HEALTH FACS FING AUTH REV	6/1/2021	2,140,000.00	2,148,902.40	0.32
CALIFORNIA ST	4/1/2024	3,239,373.40	3,321,742.90	0.50
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2024	2,120,000.00	2,117,032.00	0.60
CHAFFEY CMNTY COLLEGE DIST CALIF	6/1/2022	715,000.00	725,939.50	0.39
CONTRA COSTA CALIF CMNTY COLLEGE DIST	8/1/2022	1,000,000.00	1,018,600.00	0.35
COOPERATIVE RABOBANK UA (NEW YORK BRANCH)	1/12/2024	4,332,008.85	4,335,260.10	0.37
EL CAJON CALIF	4/1/2023	610,000.00	610,036.60	0.65
EL CAJON CALIF	4/1/2024	540,000.00	538,687.80	1.01
EL DORADO CALIF IRR DIST REV	3/1/2023	720,000.00	726,048.00	0.45
EL DORADO CALIF IRR DIST REV	3/1/2024	720,000.00	729,367.20	0.64
HAWAII ST ARPTS SYS CUSTOMER FAC CHARGE REV	7/1/2022	715,000.00	726,161.15	0.65
HAWAII ST ARPTS SYS CUSTOMER FAC CHARGE REV	7/1/2024	715,000.00	739,810.50	0.95
LOS ANGELES CALIF DEPT ARPTS ARPT REV	5/15/2021	1,006,380.00	1,004,070.00	0.43
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2022	900,000.00	902,997.00	0.32
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2023	720,000.00	724,701.60	0.41
LOS ANGELES CNTY CALIF PUB WKS FING AUTH LEASE REV	12/1/2021	1,537,050.00	1,531,995.00	0.38
MASSACHUSETTS ST SCH BLDG AUTH DEDICATED SALES TAX	10/15/2022	1,800,000.00	1,846,476.00	0.38
MASSACHUSETTS ST WTR RES AUTH IAM COMPL PAPER NTS 3	8/1/2023	2,365,000.00	2,442,524.70	0.42
MISSISSIPPI ST	11/1/2023	4,540,000.00	4,550,669.00	0.33

**Orange County Transportation Authority
Portfolio Listing
As of February 28, 2021**

DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
OHIO ST SPL OBLIG	10/1/2023	1,180,000.00	1,185,569.60	0.38
OHLONE CALIF CMNTY COLLEGE DIST	8/1/2022	800,000.00	816,048.00	0.29
PASADENA CALIF PUB FING AUTH LEASE REV	12/1/2021	400,000.00	408,364.00	0.49
PENNSYLVANIA ST TPK COMMN TPK REV	12/1/2021	876,767.50	887,757.50	0.36
RANCHO SANTIAGO CALIF CMNTY COLLEGE DIST	9/1/2023	865,000.00	864,083.10	0.46
RHODE IS ST TPK & BRDG AUTH TOLL REV	12/1/2021	480,000.00	485,918.40	0.50
RHODE IS ST TPK & BRDG AUTH TOLL REV	12/1/2022	400,000.00	410,832.00	0.61
RIVERSIDE CNTY CALIF PENSION OBLIG	2/15/2022	2,420,000.00	2,459,809.00	0.56
SAN DIEGO CALIF CMNTY COLLEGE DIST	8/1/2022	1,500,000.00	1,535,400.00	0.28
SAN DIEGO CNTY CALIF WTR AUTH WTR REV	5/1/2024	1,440,000.00	1,444,060.80	0.50
SAN FRANCISCO CALIF BAY AREA RAPID TRAN DIST SALES	7/1/2022	1,484,761.60	1,504,150.40	0.29
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	5/1/2022	2,138,837.50	2,186,980.20	0.52
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	5/1/2023	1,635,140.00	1,695,878.50	0.72
SAN JOSE EVERGREEN CALIF CMNTY COLLEGE DIST	9/1/2021	290,000.00	290,640.90	0.17
SAN JOSE EVERGREEN CALIF CMNTY COLLEGE DIST	9/1/2022	430,000.00	433,031.50	0.23
SAN JOSE EVERGREEN CALIF CMNTY COLLEGE DIST	9/1/2023	430,000.00	431,741.50	0.34
TEXAS ST	10/1/2022	2,335,000.00	2,387,444.10	0.21
UNIV CALIF REGTS MED CTR POOLED REV	5/15/2021	1,201,003.20	1,218,462.75	0.32
UPPER SANTA CLARA VY JT PWRS AUTH CALIF REV	8/1/2023	2,590,000.00	2,607,042.20	0.41
UPPER SANTA CLARA VY JT PWRS AUTH CALIF REV	8/1/2024	2,625,000.00	2,646,472.50	0.59
UTAH HSG CORP SINGLE FAMILY MTG REV	1/1/2022	1,300,000.00	1,315,756.00	0.66
UTAH HSG CORP SINGLE FAMILY MTG REV	7/1/2022	545,000.00	555,017.10	0.78
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	11/1/2022	560,000.00	563,740.80	0.45
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	11/1/2023	720,000.00	729,784.80	0.54
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	11/1/2023	722,793.60	729,784.80	0.54
ALAMEDA CNTY CALIF JT PWRS AUTH LEASE REV	6/1/2022	1,275,187.50	1,292,300.00	0.31
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2023	3,700,000.00	3,835,383.00	0.43
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2022	1,534,485.00	1,528,125.00	0.41
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2023	790,000.00	818,052.90	0.53
CALIFORNIA EARTHQUAKE AUTH REV	7/1/2023	365,000.00	374,329.40	0.38
CALIFORNIA ST	3/1/2022	1,802,064.00	1,701,909.00	0.51
CALIFORNIA ST	4/1/2021	3,000,120.00	3,006,450.00	0.58
CALIFORNIA ST PUB WKS BRD LEASE REV	12/1/2021	597,068.67	581,553.28	0.56
CALIFORNIA ST PUB WKS BRD LEASE REV	12/1/2021	333,842.71	337,300.85	0.56
CALIFORNIA ST UNIV REV	11/1/2023	1,090,000.00	1,091,776.70	0.41
CALIFORNIA STATEWIDE CMNTYS DEV AUTH REV	2/1/2023	875,000.00	875,061.25	0.34
CONTRA COSTA CALIF CMNTY COLLEGE DIST	8/1/2021	1,000,000.00	1,006,220.00	0.26
LOS ALTOS CALIF SCH DIST	8/1/2023	2,790,000.00	2,801,104.20	-2.17
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2022	1,019,560.00	1,044,320.00	0.34
MASSACHUSETTS (COMMONWEALTH OF)	5/1/2022	1,186,968.00	1,171,486.80	0.29
OAKLAND-ALAMEDA CNTY CALIF COLISEUM AUTH LEASE REV	2/1/2023	1,058,440.00	1,052,880.00	0.58
PALM DESERT CALIF REDEV AGY SUCCESSOR AGY TAX ALLO	10/1/2022	1,114,074.90	1,131,452.55	0.65
RANCHO SANTIAGO CALIF CMNTY COLLEGE DIST	9/1/2024	1,410,000.00	1,407,137.70	0.69
RIVERSIDE CALIF UNI SCH DIST	2/1/2022	750,000.00	760,357.50	0.32
RIVERSIDE CNTY CALIF PENSION OBLIG	2/15/2023	1,375,000.00	1,422,396.25	0.60
SACRAMENTO CNTY CALIF SANTN DIST FING AUTH REV	12/1/2023	1,500,000.00	1,507,845.00	0.57
SAN BERNARDINO CALIF CMNTY COLLEGE DIST	8/1/2024	890,000.00	901,338.60	0.57
SAN DIEGO CALIF CMNTY COLLEGE DIST	8/1/2021	1,285,000.00	1,294,277.70	0.26
SAN DIEGO CALIF PUB FACS FING AUTH LEASE REV	10/15/2021	1,325,000.00	1,346,306.00	0.46
SAN FRANCISCO CALIF CITY & CNTY PUB UTILS COMMN WT	11/1/2022	630,000.00	647,501.40	0.29
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	5/1/2021	2,800,000.00	2,812,488.00	0.45
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	5/1/2022	2,350,000.00	2,419,301.50	0.54
SANTA BARBARA CNTY CALIF SOLID WASTE SYS REV CTFS	12/1/2021	375,000.00	382,965.00	0.51
SEMITROPIC IMPT DIST SEMITROPIC WTR STORAGE DIST C	12/1/2022	1,637,622.60	1,627,652.80	0.45
SOUTHERN CALIF PUB PWR AUTH PWR PROJ REV	7/1/2023	2,735,000.00	2,739,594.80	0.46
UNIV CALIF REGTS MED CTR POOLED REV	5/15/2022	1,577,512.50	1,579,264.00	0.33
UNIVERSITY CALIF REVS	5/15/2021	860,000.00	863,345.40	0.34
UNIVERSITY CALIF REVS	5/15/2022	1,926,739.20	1,989,100.80	0.32
UPPER SANTA CLARA VY JT PWRS AUTH CALIF REV	8/1/2022	2,460,000.00	2,469,126.60	0.27
VALLEJO CALIF WTR REV	5/1/2023	840,000.00	853,759.20	0.71
SUB-TOTAL		131,546,060.69	132,948,315.67	
<i>Variable & Floating Rate</i>				
BANK OF AMERICA CORP	3/5/2024	1,064,260.00	1,060,220.00	0.56
BANK OF AMERICA CORP	5/19/2024	1,425,000.00	1,456,008.00	0.50
CARMX 2020-3 A3	3/17/2025	774,867.17	779,177.25	0.34
CITIGROUP INC	10/30/2024	2,500,000.00	2,511,525.00	0.60
CITIGROUP INC	11/4/2022	600,000.00	607,200.00	0.56
GMALT 2020-3 A3	8/21/2023	624,940.13	626,881.25	0.19
GMCAR 2021-1 A3	10/16/2025	369,941.10	370,196.10	0.33
GOLDMAN SACHS GROUP INC	11/17/2023	1,675,000.00	1,679,589.50	0.47
JPMORGAN CHASE & CO	6/1/2024	1,575,000.00	1,611,414.00	0.76
JPMORGAN CHASE & CO	9/16/2024	300,000.00	301,707.00	0.63
JPMORGAN CHASE & CO	2/16/2025	815,000.00	812,318.65	0.65
MORGAN STANLEY	1/25/2024	1,535,000.00	1,535,198.55	0.50
NALT 2020-B A3	10/16/2023	424,956.27	426,100.75	0.24
BANK OF AMERICA CORP	12/20/2023	2,879,411.20	2,860,669.60	0.56
BANK OF AMERICA CORP	10/24/2024	2,256,637.50	2,265,480.00	0.55
BANK OF AMERICA CORP	10/24/2024	802,424.00	805,504.00	0.55
CITIGROUP INC	11/4/2022	3,140,000.00	3,177,680.00	0.56
FNA 2014-M6 A2	5/25/2021	54,455.83	55,289.77	0.91
FN AL3382	3/1/2023	731,071.17	739,797.04	1.13
GOLDMAN SACHS GROUP INC	11/17/2023	3,560,000.00	3,569,754.40	0.47
GOLDMAN SACHS GROUP INC	11/17/2023	3,604,680.00	3,609,864.00	0.47
JPMORGAN CHASE & CO	12/5/2024	964,932.50	957,145.00	0.61
JPMORGAN CHASE & CO	12/5/2024	3,132,832.40	3,106,619.20	0.61
JPMORGAN CHASE & CO	12/5/2024	3,961,872.00	3,937,968.00	0.61
KEYBANK NA	2/1/2022	4,180,000.00	4,202,948.20	0.28
MORGAN STANLEY	11/10/2023	5,725,000.00	5,731,011.25	0.49
MORGAN STANLEY	11/10/2023	1,801,008.00	1,801,890.00	0.49
PNC BANK NA	2/24/2023	4,045,000.00	4,056,245.10	0.23
STATE STREET CORP	3/30/2023	1,750,000.00	1,798,335.00	0.30
BANK OF AMERICA CORP	10/24/2024	2,155,000.00	2,169,826.40	0.55
CITIGROUP INC	10/30/2024	2,065,000.00	2,074,519.65	0.60
CITIBANK NA	5/20/2022	298,510.50	296,548.75	0.59
CITIBANK NA	5/20/2022	1,319,576.85	1,311,851.25	0.59
FNA 2014-M8 A2	6/25/2024	2,060,642.26	2,031,128.89	0.61
FNA 2018-M5 A2	9/25/2021	187,787.30	185,555.52	0.72
FHMS K-029 A2	2/25/2023	1,078,080.08	1,080,119.80	0.62
FHMS K-029 A2	2/25/2023	1,716,426.56	1,719,802.40	0.62
FHMS K-029 A2	2/25/2023	820,581.64	828,441.40	0.62
FHMS K-029 A2	2/25/2023	1,797,539.45	1,772,235.40	0.62
FHMS K-031 A2	4/25/2023	3,771,482.81	3,751,798.20	0.35
FHMS K-032 A2	5/25/2023	3,805,596.09	3,972,702.80	0.37
FHMS K-033 A2	7/25/2023	3,809,798.44	3,840,612.60	0.42
FHMS K-105 A	7/25/2024	1,204,301.30	1,206,420.87	0.30
FIRST REPUBLIC BANK	2/12/2024	500,000.00	513,350.00	0.54
GOLDMAN SACHS GROUP INC	10/31/2022	1,573,456.50	1,582,119.00	0.32
JPMORGAN CHASE & CO	9/16/2024	1,160,000.00	1,166,600.40	0.63
JPMORGAN CHASE & CO	2/16/2025	915,000.00	911,989.65	0.65
KEYBANK NA	11/22/2021	1,570,646.00	1,558,618.00	0.26

**Orange County Transportation Authority
Portfolio Listing
As of February 28, 2021**

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
KEYBANK NA	1/3/2024	1,450,000.00	1,452,943.50	0.31
MORGAN STANLEY	10/21/2025	615,000.00	614,907.75	0.84
MORGAN STANLEY	11/10/2023	1,160,000.00	1,161,218.00	0.49
MORGAN STANLEY	1/25/2024	1,840,000.00	1,840,239.20	0.50
PNC BANK NA	12/9/2022	1,640,000.00	1,661,369.20	0.37
WELLS FARGO BANK NA	9/9/2022	1,990,000.00	2,008,148.80	0.38
SUB-TOTAL		96,777,715.06	97,166,805.05	
<i>Supranationals</i>				
INTER-AMERICAN DEVELOPMENT BANK	5/24/2023	2,599,116.00	2,615,704.00	0.23
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	11/24/2023	2,644,302.50	2,641,626.00	0.37
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	3/19/2024	5,349,700.00	5,314,600.00	0.43
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	11/24/2023	3,043,442.50	3,040,362.00	0.37
INTER-AMERICAN DEVELOPMENT BANK	4/14/2022	1,934,593.40	1,963,697.80	0.21
INTER-AMERICAN DEVELOPMENT BANK	4/14/2022	1,177,726.00	1,195,515.50	0.21
INTER-AMERICAN DEVELOPMENT BANK	4/14/2022	811,863.00	824,142.60	0.21
INTER-AMERICAN DEVELOPMENT BANK	9/14/2022	10,484,250.00	10,750,845.00	0.21
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	6/19/2023	2,889,102.00	2,955,136.50	0.27
SUB-TOTAL		30,934,095.40	31,301,629.40	
SHORT-TERM PORTFOLIO - TOTAL		\$ 1,624,523,237.88	\$ 1,637,905,735.26	
BOND PROCEEDS PORTFOLIO				
<u>GUARANTEED INVESTMENT CONTRACT (GIC)</u>				
<u>THE BANK OF NOVA SCOTIA</u>	4/1/2021	33,700,000.00	33,700,000.00	3.01%
BNY MELLON-MONEY MARKET FUND	N/A	137,313,559.12	137,313,559.12	0.06%
BOND PROCEEDS PORTFOLIO-TOTAL		\$ 171,013,559.12	\$ 171,013,559.12	
DEBT SERVICE RESERVE FUNDS				
<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>REQUIRED AMOUNT</u>	<u>YIELD</u>
<u>91 EXPRESS LANES 2013 BONDS</u>	2030		10,799,437.46	
US BANK COMMERCIAL PAPER	4/7/2021	11,485,442.30		0.12%
FIRST AMERICAN TREAS OBLIGATIONS	N/A	477.75		0.01%
<u>91 EXPRESS LANES 2013 BONDS - OPERATING & MAINTENANCE RESERVES</u>			13,000,000.00	
BANK DEPOSITS	N/A	213,076.50		
OPERATING RESERVE	3/15/2021	3,098,023.75		0.15%
MAINTENANCE RESERVE	3/15/2021	10,493,306.25		0.15%
DEBT SERVICE RESERVE FUNDS - TOTAL		\$ 25,290,326.55		
TOTAL PORTFOLIO				
		Book Value	Market Value	
		\$ 2,027,541,533.97	\$ 2,040,924,031.35	



March 24, 2021

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Approval to Sell Surplus Land

Overview

As part of the Measure M2 Freeway Environmental Mitigation Program, the Orange County Transportation Authority acquired the Trabuco Rose Preserve, formerly Ferber Ranch, to be maintained in perpetuity as a conservation property. A small portion of the Trabuco Rose Preserve, determined to have no biological value, is recommended to be sold as surplus land to an adjacent property by the Orange County Transportation Authority; therefore, staff is seeking approval to sell a portion of the Trabuco Rose Preserve as surplus land under the Surplus Land Act (Government Code Section 54220 et seq.).

Recommendations

- A. Declare the 0.36-acre parcel located within the Trabuco Rose Preserve as surplus land, pursuant to Government Code Section 54221(b), that is no longer necessary for the Orange County Transportation Authority's use.
- B. Direct staff to sell the surplus land parcel located within the Trabuco Rose Preserve.
- C. Authorize the Chief Executive Officer to execute the necessary documents to complete the sale of the surplus land for the offer price of \$13,400.

Background

As part of Measure M2 (M2), approved by voters in 2006, the Orange County Transportation Authority (OCTA) established the Freeway Environmental Mitigation Program (EMP) for the purpose of permanently preserving open space and restoring habitat in exchange for streamlined project approvals for M2 freeway improvement projects. In May 2011, as part of the EMP, OCTA acquired the Trabuco Rose Preserve (Preserve) to be maintained in perpetuity as a

conservation property. The 399-acre Preserve was acquired for \$12.76 million. The Preserve is located northwest of the City of Rancho Santa Margarita in Trabuco Canyon, and is accessible via Trabuco Oaks Road and Rose Canyon Road. This property is predominantly adjacent to undeveloped land on the east and rural residential development on the west. The Preserve includes a five-acre parcel that is bisected by an access road, Hickey Canyon Road, traversing in a north/south direction (Attachment A).

In February 2018, Eric Wintemute (Owner), the new owner of a property adjacent to the Preserve, performed a property boundary survey and determined that existing improvements on his property encroached on 0.36-acres of the Preserve. Specifically, the Owner's corral and ancillary structure encroached on approximately 0.29-acres of the Preserve (Attachment B). In addition, the Owner is obligated to perform fuel modifications (weed abatement) on the property to comply with the 100-foot setback from habitable structures, as required by the Orange County Fire Authority. Therefore, a small portion of this area needed for fuel modification (0.07-acres) is also situated on the Preserve (Attachment B). The 0.29-acres and 0.07-acres of the Preserve are collectively identified as the encroachment area.

After learning that the corral and ancillary structure on his newly purchased property encroached on the Preserve, the Owner approached OCTA to remedy the situation. An evaluation determined that the encroachment area has no biological value, and the sale of the 0.36-acre area does not affect the integrity of the biological resources of the overall 399-acre Preserve. The state and federal resource agencies, including OCTA's Environmental Oversight Committee (EOC), concur with this assessment and do not object to the sale of the of encroachment area. Therefore, staff recommends the encroachment area be sold as surplus land under the Surplus Land Act (Government Code Section 54220 et seq.), as it is no longer necessary for OCTA's use for preservation purposes.

Discussion

The recently enacted Surplus Land Act changed the procedures for the sale of surplus land by local agencies. It requires OCTA to send notices of availability of surplus land to various public and private entities and engage in good-faith negotiations with any parties that, within 60 days, express interest to purchase or lease the land for purposes specified in the Surplus Land Act. OCTA staff mailed notices of availability on October 6 and 7, 2020, respectively. Although OCTA staff received three inquiries related to the sale, no entities expressed interest to purchase or lease the land. Thereafter, as further required by the Surplus Land Act, OCTA provided information regarding the proposed sale to the California Department of Housing and Community Development (DHCD), including the mandatory affordable housing restrictions to be recorded on the

property, and timely responded to written findings received by the DHCD. The Surplus Land Act requirements have been satisfied; therefore, OCTA can proceed with the proposed disposition of the land.

Since 2018, when the encroachment was identified, the Owner has been working with OCTA to potentially acquire the property. On October 25, 2018, OCTA staff presented this matter to OCTA's EOC with a recommendation for the EOC to endorse staff's recommendation to sell 0.36 acre of the Preserve to the adjacent property Owner, subject to a fair market appraisal. The EOC, which monitors and makes recommendations regarding the EMP, endorsed staff's recommendation to sell the encroachment area to the Owner.

OCTA used the services of its consultant, CBRE, Inc., for commercial brokerage services to facilitate the sale of the encroachment area. CBRE, Inc. received an offer from the Owner to purchase the encroachment area for the appraised value. The 0.36 acre of encroachment area was appraised in 2018 with a value of \$13,400. The Owner has agreed to pay the closing costs for this transaction, less CBRE, Inc. commission, which shall be paid by OCTA through an escrow.

Fiscal Impact

Proceeds from the surplus land sale will be returned to the M2 EMP fund.

Summary

Staff recommends the Board of Directors formally declare the 0.36-acre parcel located within the Preserve as surplus land, pursuant to Government Code Section 54221(b), that is no longer necessary for OCTA's use, and authorize the Chief Executive Officer to negotiate and execute a purchase and sale agreement with the Owner for the sale price of \$13,400.

Attachments

- A. Trabuco Rose Preserve Map
- B. Proposed Surplus Land Area Map

Prepared by:

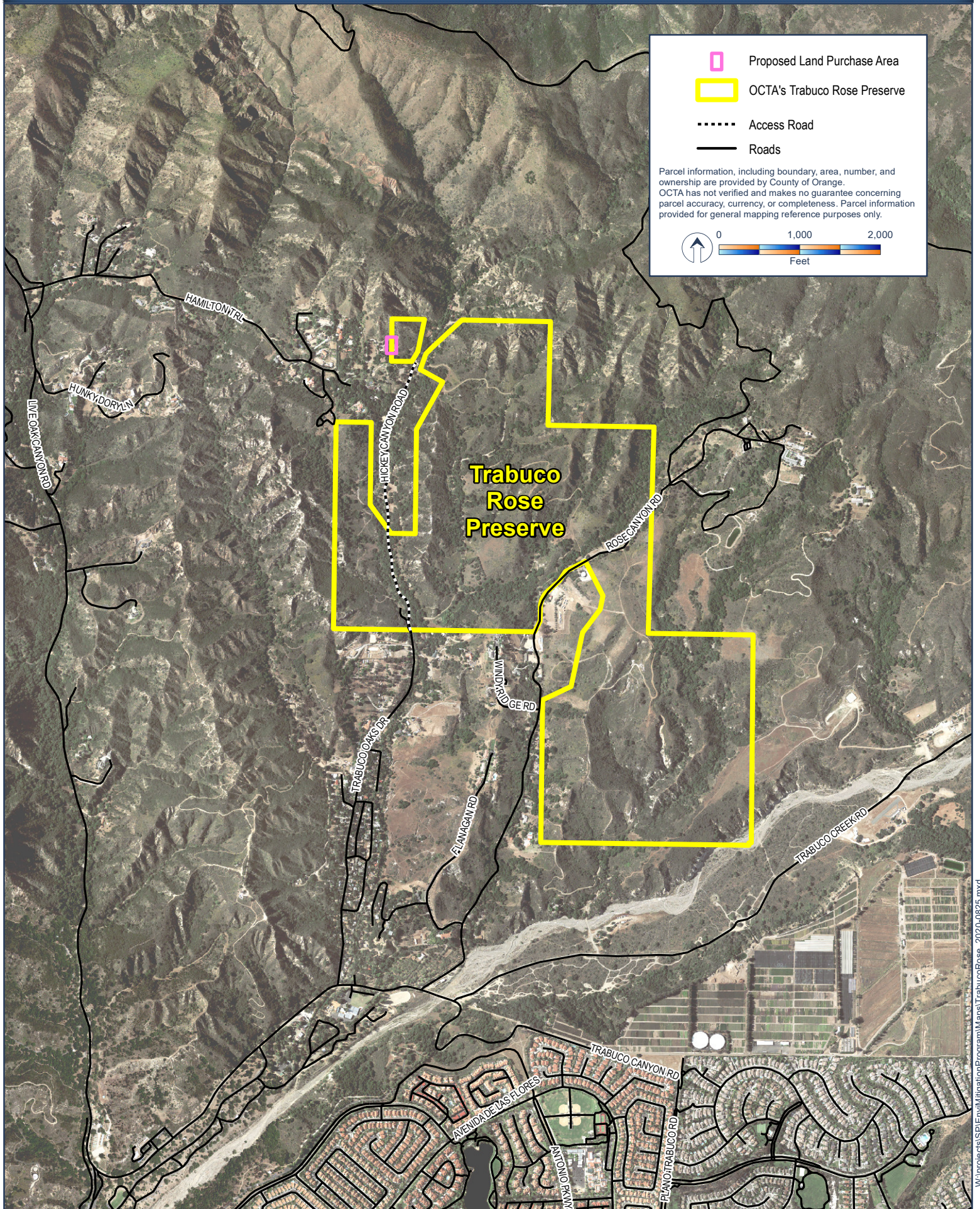


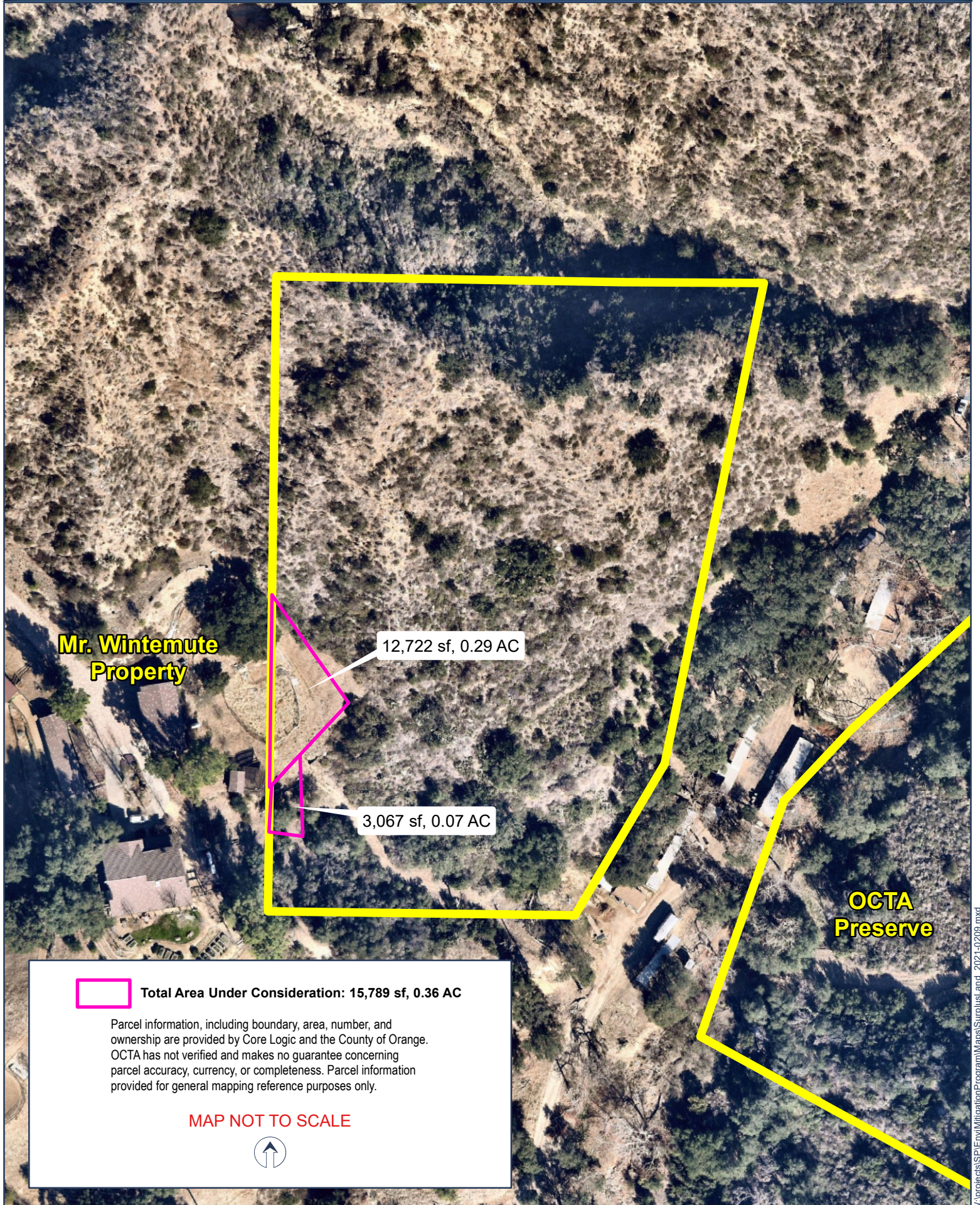
Joe Gallardo
Manager, Real Property
(714) 560-5546

Approved by:



James G. Beil, P.E.
Executive Director, Capital Programs
(714) 560-5646







March 24, 2021

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Annual Insurance Program Review

Overview

The Orange County Transportation Authority purchases various insurance coverage protection including workers' compensation, liability, property, business interruption, and cyber losses. The Orange County Transportation Authority contracts with insurance brokers for the marketing and placement of these coverages. This staff report provides an annual review of all major Orange County Transportation Authority insurance policies, including coverage and marketing strategies used to protect its assets.

Recommendation

Receive and file as an information item.

Background

On November 11, 2020, the Finance and Administration Committee directed staff to conduct an annual review of all insurance coverages held by the Orange County Transportation Authority (OCTA). This report includes renewal dates, areas of liability, coverage amounts, and insurance carrier information.

To assist with the renewal of insurance policies, OCTA's Risk Management Department works with a Broker of Record, Marsh Risk and Insurance Services (Marsh), for the marketing and placement of property and casualty coverage. Marsh is paid a flat fee of \$105,000 annually for marketing and placing various insurance policies such as workers' compensation, liability, property, terrorism, and business interruption insurance per Agreement No. C-7-1585 approved by the Board of Directors (Board) on May 22, 2017. This contract will expire on June 30, 2022. The flat fee paid to Marsh does not include any of the premiums OCTA anticipates paying to the selected insurers for any policy renewals. By agreement, Marsh does not earn any additional compensation or commission

for its services. The contract further requires that any commissions offered by insurers will offset OCTA's premiums.

Discussion

Commercial insurance prices have been steadily rising since 2017 with the largest increases in premiums occurring in the third quarter of 2020. Overall, insureds in the United States experienced an average of 10.7 percent increase in premium while the transportation industry paid the highest premium average increase of 11.5 percent. Demonstrative of these trends, OCTA has experienced higher premiums and fewer insurance premium proposals when attempting to renew insurance policies.

OCTA purchases the following insurance coverage:

Workers' Compensation

Workers' compensation coverage is designed to provide medical, temporary disability, and permanent disability benefits to injured workers. Employer's liability is an additional coverage provided as part of the excess workers' compensation insurance policy. Employer's liability insurance covers claims presented to an employer on behalf of employees seeking damages caused by job-related activities that result in bodily injury or disease. For example, if a claim was filed against OCTA due to a serious and willful action resulting from an uncorrected yet known safety hazard that caused injury to an employee, OCTA may be liable for the costs of the claim as it would fall outside of the normal workers' compensation coverage. The employer's liability coverage would pay for the cost of legal defense for these types of claims. Fortunately, OCTA has not had any claims that would trigger the employer's liability coverage. However, retention of employer's liability insurance remains a prudent risk mitigation action.

OCTA's current excess workers' compensation insurance policy with Arch Insurance Company has a self-insured retention of \$750,000 per each accident, as well as coverage to statutory limits, with a rate of \$0.3933 per \$100 of payroll, for a premium of \$445,589. The current policy period is in effect from October 1, 2020 to October 1, 2021.

Excess Liability

Excess liability insurance protects against liability claims for bodily injury and property damage arising out of premises, all operations (including the 91 Express Lanes), products and completed operations, advertising and

personal injury liability, errors and omissions liability (including public official's coverage) employment practices, and employee benefit liability.

OCTA has been self-insured for liability claims since 1977. Prior to December 1, 2020, OCTA purchased commercial excess liability insurance above a predetermined self-insured retention to provide financial protection against catastrophic events and associated losses. Although OCTA has a very favorable loss history, with a 28-year average annual claims payout of \$1,828,000, Marsh identified a market trend of significantly higher premium rates that OCTA would likely pay for insurance policies renewing in late 2020. On November 23, 2020, the Board approved staff's recommendation to fully self-insure instead of purchasing commercial liability insurance. As directed by the Board, staff has continued to monitor the insurance market trends and will present the Board with future insurance options in November 2021 or sooner should the insurance market trend show a 40 percent reduction in likely premiums. The excess liability market pricing has remained unfavorable to date.

Property

Property insurance is designed to protect OCTA property, including buildings, contents, and buses from perils of fire, flood earthquake, and accidental loss. Insurance companies determine property insurance quotes based upon current insurance market conditions affecting rates per \$100 in property values. The coverage of this policy is based on current property values of \$580,397,366, which includes real and business personal property, information system equipment, and directly operated revenue and non-revenue vehicles. Included in the current policy, OCTA is also insured for active shooter and malicious attack coverage, which covers damage to property and additional post event expenses not provided for in a traditional property insurance policy.

Due to the large number of insured buses included in this policy, there is a special insurance condition that OCTA buses are only insured while parked at the bus base. Currently, a \$50,000 deductible is applied per occurrence for fire loss or damage to OCTA's bus fleet in this policy. Revenue vehicles are self-insured for property damage while in operation. OCTA's paratransit vehicles are not included in OCTA's insurable values since these vehicles are insured by MV Transportation, Inc., as required in Agreement No. C-2-1865, approved by the Board on March 25, 2013. In addition, fixed-route buses operated and insured by First Transit, Inc., as required in Agreement No. C-4-1737, approved by the Board on March 23, 2015, are also not included in OCTA's insurable values.

OCTA is currently insured with Zurich Insurance Company for an annual net of commission premium of \$629,269, which is based on property values of \$580,397,366. The current policy is in effect from December 1, 2020 to December 1, 2021. The 91 Express Lanes property is insured under a separate insurance policy.

91 Express Lanes Property

OCTA purchases multiple property, earthquake, flood, and terrorism insurance policies for the 91 Express Lanes. These policies provide catastrophic protection for the roadway, structures, and business personal property, including business interruption coverage against losses caused by fire, flood, and earthquake. Other coverage includes losses due to civil authority, ingress/egress, debris removal, demolition and increased costs of construction, equipment breakdown, including electronic data processing equipment, valuable papers, earthquake sprinkler leakage, and boiler and machinery.

Zurich American Insurance Company provides property and flood coverage and Lexington Insurance Company, QBE Specialty Insurance Company, General Security Indemnity Company of Arizona, and Steadfast Insurance Company provide earthquake coverage. Insurance companies determine property insurance quotes based upon current insurance market conditions and the total value of property to be insured. Currently, these five insurers provide primary property, flood, and earthquake coverage for the 91 Express Lanes for an annual net of commission premium of \$460,332, for a total policy coverage limit of \$157,422,249.

Some insurance premiums for this policy are equally shared with the Riverside County Transportation Commission for their use of the administrative business personal property only at the Riverview Drive location in the City of Anaheim. The current property insurance policy is in effect from March 1, 2021 to March 1, 2022.

Privacy and Security (Cyber)

OCTA purchases three cyber-related policies that provide insurance protection for losses involving network interruption, data asset loss, data breach, cyber extortion, privacy liability, network security liability, regulatory defense, and media liability events.

Currently, OCTA carries \$5 million in primary layer of coverage from AIG, an additional \$5 million second layer from Chubb and a third layer excess policy for an additional \$5 million from AXA XL for a net of commission cost of

\$139,215.55. These policies are in effect from November 1, 2020 to November 1, 2021.

Summary

OCTA purchases various insurance coverage protection for including workers' compensation, liability, property, business interruption and cyber losses. OCTA contracts with insurance brokers for the marketing and placement of these coverages. All necessary insurance policies were renewed on time and with Board approval within the approved budgets.

The Risk Management staff will continue to work with OCTA's brokers on strategies for future renewals in order to obtain the best possible insurance coverage at the lowest policy premium rates.

Attachment

None.

Prepared by:

Al Gorski
Department Manager,
Risk Management
(714) 560-5817

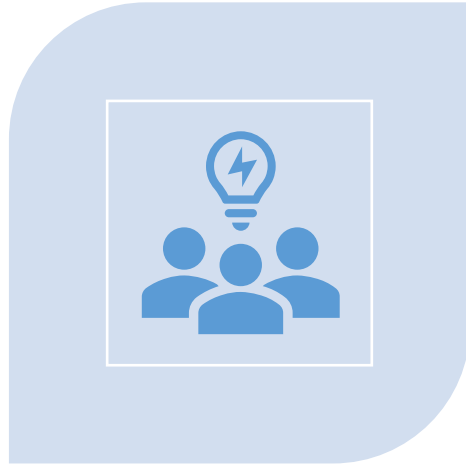
Approved by:

Maggie McJilton
Executive Director, Human Resources
and Organizational Development
(714) 560-5824

Annual Insurance Program Review

Finance and Administrative Committee

Marsh Market Update



Overall Insurance Market Trends



Transportation Insurance Market

Major Coverage Categories



Workers' Compensation

Statutory Coverage in Excess of
\$750,000 Self-Insurance

Premium Based on Payroll



OCTA Property and Revenue Vehicles

Premium Based on
Replacement Value

Fire, Flood And Earthquake
Coverage



Excess Liability

Currently Fully Self-Insured and
Self-Administered

Based on Loss History



91 Express Lanes Property

Premium Based on Replacement
Value and Toll Revenues

Fire, Flood And Earthquake
Coverage

*OCTA - Orange County Transportation Authority

Major Coverage Categories

Privacy and Security Cyber Coverage

Network Interruption &
Extra Expense

Data Asset Protection

Data Breach Event
Management

Cyber Extortion

Privacy Liability

Network Security
Liability

Regulatory Defense
Costs

Media Liability

Goals of the Insurance Program



Provide Catastrophic Loss Coverage to Meet Organizational Objectives



Obtain Favorable Policy Terms and Conditions with Limited Exclusions



Seek Favorable Multi-Year Policies and Guaranteed Rate Options



Consider Alternative Coverage Options and Self-Insured Retention Levels



Obtain Best Value Premium Cost with Highly Rated Insurance Companies

Next Steps

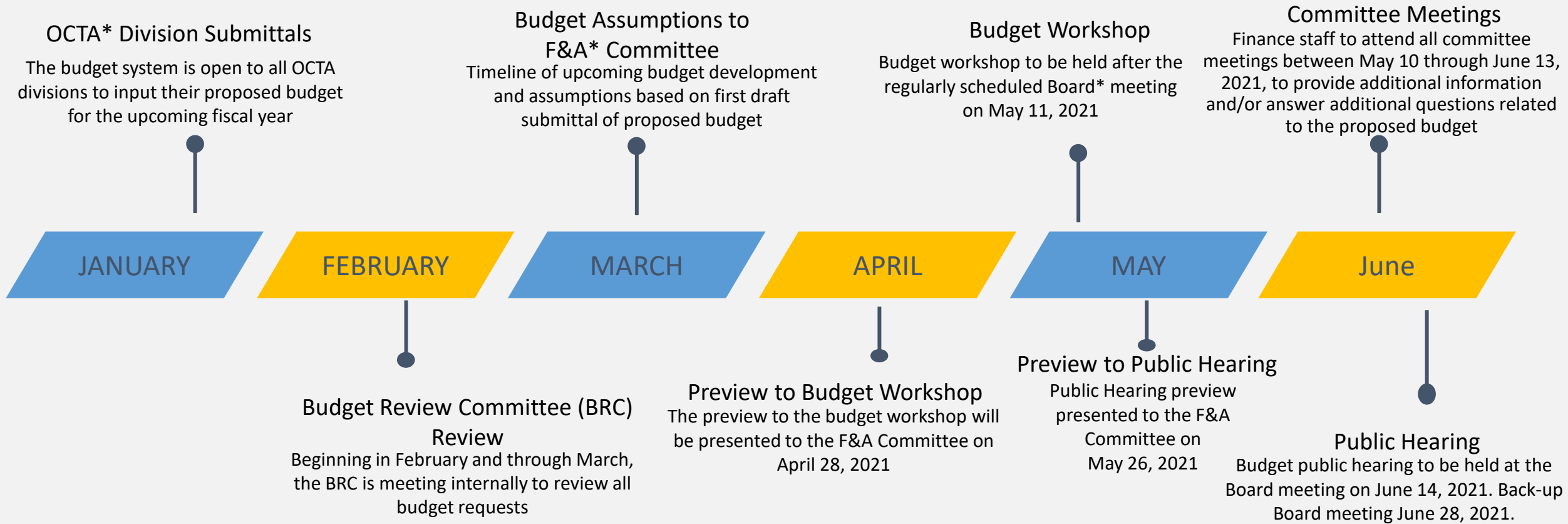
Future Policy Renewals	
Workers Compensation	October 1, 2021
Privacy and Security (Cyber)	November 1, 2021
Excess Liability	No current policy to renew; future insurance options will be presented in November 2021
Property Insurance	December 1, 2021
91 Express Lanes Property Insurance	March 1, 2022



Fiscal Year 2021-22 Budget Assumptions



Fiscal Year (FY) 2021-22 Budget Timeline



*Orange County Transportation Authority (OCTA), Finance and Administration (F&A), Board of Directors (Board)

Major Programs

- Measure M2 (M2)
 - Freeway
 - Streets and Roads
 - Transit
- 91 Express Lanes
- Transit
 - Bus Program
 - Rail Program
 - Metrolink
 - OC Streetcar

M2 Program Assumptions

- Sales Tax Revenue
 - Forecast of \$313 million based on MuniServices forecasted growth rate of 3.6 percent
- Expenditures
 - Freeway Mode – expenditures primarily driven by right-of-way, design, and construction efforts for State Route 55 (SR-55) Improvement, Interstate 405 Improvement and South County Interstate 5 Improvement Projects
 - Streets and Roads Mode – expenditures driven by contributions to the cities to support the Local Fair Share, Regional Capacity and Traffic Signal Synchronization Programs
 - Transit Mode – expenditures primarily to support Metrolink operations and construction of the OC Streetcar

Bus Operations Service Assumptions

- Fixed-route service
 - Revenue hours increased from 1.2 million to 1.35 million to accommodate increased ridership if needed
 - Revenue hours could increase up to 1.45 million based on American Relief Plan funding of approximately \$155 million
- Paratransit service
 - Trips comprised of ACCESS primary and supplemental service, same-day taxi service, and special agency service
 - Total trips increase from the current budget of 446,000 to 980,000 to accommodate potential increases in demand
- Microtransit service
 - OC Flex service hours remain consistent at approximately 58,000

Bus Program Revenue Assumptions

- Operating Revenue

- Sales tax revenue estimated at \$163 million based on MuniServices forecasted growth rate of 3.2 percent
- Coronavirus Aid, Relief, and Economic Security (CARES) Act revenue reimbursements projected at \$28.7 million
- Fare revenue projected at \$29.8 million
- Road Repair and Accountability Act estimated to be \$13.5 million
- Federal grants for preventative maintenance estimated to be \$20.1 million and capital cost of contracting estimated to be \$21.2 million

- Capital Revenue

- State Transportation Assistance and Road Repair and Accountability Act estimated at \$22.9 million to support rehabilitation and replacement of capital

Rail Program Expenditure Assumptions

- Metrolink Operating Expenditures
 - Sustain current service levels of 57 trips
 - Assumes federal stimulus funding
- Metrolink Capital Expenditures
 - Placentia Metrolink Station estimated at \$27.5 million
 - Orange Maintenance Facility at \$19.1 million

Rail Program Revenue Assumptions

- Metrolink Operating Revenue

- M2 High Frequency Metrolink Service funds
- Direct draw by Metrolink
 - CARES Act
 - Federal Transit Administration grants

- Metrolink Capital Revenue

- Grants providing approximately \$30.7 million to support rehabilitation and replacement of capital
- Transfers in from 91 Express Lanes estimated at \$14.3 million to support Placentia Metrolink Station

91 Express Lanes Program Assumptions

- Revenue Assumptions

- Toll revenue: Increase from \$32.7 million in current year budget to \$37.2 million driven by 13.9 million trips
- Non-toll revenue: Increase from \$5 million in current year budget to \$6.1 million

- Expenditure Assumptions

- Primary operating cost consists of the operations contracts estimated at \$7.7 million.
- Contribution to construction of the Placentia Metrolink Station of \$14.3 million
- Contribution to State Route 91 (SR-91) Riverside Freeway improvements between SR-91, State Route 241 to State Route 71 (Project J) \$6.1 million and SR-55 and State Route 57 (M2 Program Project I) of \$3.4 million

Next Steps

- Internal review will continue with OCTA finance staff and the Budget Review Committee
- Staff will return to the Finance and Administration Committee on April 28th with a presentation providing a preview of the Budget Workshop