

**ORANGE COUNTY LOCAL  
TRANSPORTATION AUTHORITY  
MEASURE M2 SENIOR MOBILITY PROGRAM  
AGREED-UPON PROCEDURES REPORTS  
Year Ended June 30, 2016**

**ORANGE COUNTY LOCAL  
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR MOBILITY PROGRAM**

**AGREED-UPON PROCEDURES REPORTS**

**Year Ended June 30, 2016**

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, 2016. Please refer to the individual divider tab for our report on each Agency.

City of Fullerton

City of Mission Viejo

City of Newport Beach

City of Yorba Linda



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

Board of Directors

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Fullerton's (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2016. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

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

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

2. We documented which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, lines 13 and 14 for Project U), explaining any differences.

Results: The City's expenditures are tracked in the general ledger by fund, sub-project and object. The City records its Senior Mobility Program expenditures in its Measure M2 Fund (25) and Parks & Recreation Fund (15), Senior Programs (sub-project #516), under Professional & Contractual Fee (object# 6319) and Printing, Binding, & Duplicate (object# 6443). During the year ended June 30, 2016, the City reported total program expenditures of \$198,569, which included the City's match. The City reported \$152,379 in program expenditures on the Expenditure Report (Schedule 2, lines 13 and 14 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were noted as a result of our procedures.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2016, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, lines 16 and 17), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2016, we agreed to the amount listed as received on the City's Expenditure Report (Schedule 2, line 5 for Project U), explaining any differences.

Results: The City received \$362,129 for the past three fiscal years ended June 30, 2014, 2015 and 2016. No exceptions were noted as a result of our procedures. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Senior Mobility Program (M2)	\$ 6,231

We compared the fund balance of \$6,231 to the City's Expenditure Report (Schedule 1, lines 16 and 17), noting a difference of (\$646,497). The Expenditure Report Fund balance includes (646,497) of the City's Regional Traffic Signal Synchronization Program, with the remaining \$6,231 related to the Senior Mobility Program.

The City received \$125,042 during the fiscal year ended June 30, 2016 which agrees to the City's Expenditure Report (Schedule 2, Line 5 for Project U). No exceptions were noted as a result of our procedures.

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

Results: We reviewed the City's interest allocation methodology and noted the City did not separately track interest for the Senior Mobility Program for the year ended June 30, 2016. All interest earned during the fiscal year was tracked in the Measure M2 Fund (25) as Local Fair Share interest income, and \$0 interest was reported on the City's Expenditure Report (Schedule 2, line 6 for Project U). No other exceptions were noted as a result of our procedures.

Additionally, we inquired of the City's fare collection methodology and noted fares are collected by City's Community Center and tracked in the City's general ledger within the Parks and Recreation Fund (15), under the Senior Programs Subprogram (516) within the Miscellaneous Object Code (4830). During the year ended June 30, 2016, the City collected \$34,656, which was used as part of the City's match related to payroll expenditures in the Parks and Recreation Fund. No exceptions were noted as a result of our procedures.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e. accrual-basis funding allocation for fiscal year ended June 30, 2016).

Results: The total match expenditures amounted to \$46,190 which is approximately 37% of the total annual formula allocation of \$125,042. No exceptions were noted as a result of our procedures.

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

Results: Measure M2 Senior Mobility Program expenditures tested totaled \$155,082 representing approximately 78% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. We noted the following types of expenditures:

- \$75,644 or 49% of our sample, represented cost incurred for senior transportation services provided by third-party service providers. We reviewed supporting documentation noting that \$1,788 were for transportation services outside of the County limits for reasons other than medical trips. Trip destinations included the Riverside Mission Inn (\$685), and the San Diego Harbor (\$1,075), provided by The Bus, and Rowland Heights (\$28) provided by California Yellow Cab. No other exceptions were noted as a result of our procedures.
  - \$79,438 or 51% of our sample, related to costs incurred for senior bus passes and administration costs related to the taxi voucher program, including \$2,703 of payroll expenditures. No exceptions were noted as a result of our procedures.
7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results: We inquired of management as to the procedures used to ensure services are provided only to eligible participants and noted upon registration, the City reviews date of birth documented on registration forms, to ensure participants are 60 years of age or older. No exceptions were noted as a result of our procedures.

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

Results: Based on our review of the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and review of the general ledger expenditure detail, we noted no indirect costs were charged as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

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

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with two third party service providers, California Yellow Cab and The Bus, to provide senior transportation services under the Senior Mobility Program. We verified that California Yellow Cab was selected using a competitive procurement process through review of the City's Request for Proposal, bidding documents, and the executed agreement with California Yellow Cab. Per review of the contract agreement we verified that wheelchair accessible vehicles are available and used as needed. The City did not competitively procure The Bus and did not have an executed contract to outline the wheelchair accessible requirement. The Bus was procured through an agreement between the City and the Fullerton Senior Travel Club (a nonprofit Organization). Two trips were provided by The Bus during the fiscal year, see expenditures noted under procedure 6. No other exceptions were noted as a result of our procedures.

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

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

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with two third party service providers, California Yellow Cab and The Bus, to provide transportation services under the Senior Mobility Program. We obtained and reviewed the insurance coverage for California Yellow Cab, and noted the requirements established in the Cooperative Agreement were partially met. We were unable to obtain the Workers Compensation and Employers' Liability insurance coverage for California Yellow Cab, and as such could not determine if the requirements established in the Cooperative Agreement were met. Additionally, we were unable to review insurance coverage for The Bus as proof of insurance was not on file with the City.

As required in the Cooperative Agreement, we noted the current year proof of insurance for the City was submitted and on file with OCLTA, while the City's contractors' insurance was on file with the City, except as noted above. No other exceptions were noted as a result of our procedures.

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

Results: Through review of the City's monthly summary reports, we noted that, in five of twelve reports, expenditures did not agree to supporting documentation. Total expenditures were under reported by \$14,197, or 8% of the actual general ledger balances. The City asserted the differences were related to the timing of invoice processing, which were recorded in the general ledger subsequent to the monthly report submission, exclusion of expenditures related to trips outside of Orange County limits, and input errors.

Reporting Month	Amount Reported as OCTA Contribution	Amount per City's General Ledger	Variance
December-15	\$ 15,610	\$ 16,295	\$ (685)
January-16	2,520	6,187	(3,667)
February-16	12,666	16,539	(3,873)
May-16	6,743	7,818	(1,075)
June-16	13,143	18,040	(4,897)

In addition, a sample of four reports were reviewed for timely submission and it was noted that reports were submitted within 30 days of month end. We noted for the June 2016 summary report, the City made a preliminary submission within 30 days of month end. However, the City made revisions to the form for the month of June 2016, and did not submit revised amounts to OCTA. No other exceptions were noted as a result of our procedures.

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

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

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

A handwritten signature in black ink that reads "Vavrich, Train, Day & Co., LLP". The signature is written in a cursive, flowing style.

Laguna Hills, California

March 8, 2017



## CITY OF FULLERTON

Administrative Services Department

Administration (714) 738-6521  
 Fiscal Services (714) 738-6529  
 Information Technology (714) 738-6538  
 Purchasing (714) 738-6533

March 8, 2017

Board of Directors

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility Program for the City of Fullerton as of and for the fiscal year ended June 30, 2016.

### **Procedure #4**

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

### **Results:**

We reviewed the City's interest allocation methodology and noted the City did not separately track interest for the Senior Mobility Program for the year ended June 30, 2016. All interest earned during the fiscal year was tracked in the Measure M2 Fund (25) as Local Fair Share interest income, and \$0 interest was reported on the City's Expenditure Report (Schedule 2, line 6 for Project U). No other exceptions were noted as a result of our procedures.

Additionally, we inquired of the City's fare collection methodology and noted fares are collected by City's Community Center and tracked in the City's general ledger within the Parks and Recreation Fund (15), under the Senior Programs Subprogram (516) within the Miscellaneous Object Code (4830). During the year ended June 30, 2016, the City collected \$34,656, which was used as part of the City's match related to payroll expenditures in Parks and Recreation Fund. No exceptions were noted as a result of our procedures.

### **City's Response:**

The City of Fullerton will allocate interest income between SMP and LFS instead of all interest allocating to LFS M2 Fund.

### **Procedure #6**

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

**THE EDUCATION COMMUNITY**

303 West Commonwealth Avenue, Fullerton, California 92832-1775  
 Fax (714) 738-3168 • Web Site: [www.ci.fullerton.ca.us](http://www.ci.fullerton.ca.us)





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

**Results:**

Measure M2 Senior Mobility Program expenditures tested totaled \$155,082 representing approximately 78% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. We noted the following types of expenditures:

- \$75,644 or 49% of our sample, represented cost incurred for senior transportation services provided by third-party service providers. We reviewed supporting documentation noting that \$1,788 were for transportation services outside of the County limits for reasons other than medical trips. Trip destinations included the Riverside Mission Inn (\$685), and the San Diego Harbor (\$1,075), provided by The Bus, and Rowland Heights (\$28) provided by California Yellow Cab. No other exceptions were noted as a result of our procedures.
- \$79,438 or 51% of our sample, related to costs incurred for senior bus passes and administration costs related to the taxi voucher program, including \$2,703 of payroll expenditures. No exceptions were noted as a result of our procedures.

**City's Response:**

The City of Fullerton will change its policy and will not pay for trips outside of Orange County. The City will reimburse OCTA for the cost of the two trips from The Bus by reversing the expense from the M2 funds to City funds and send proof of the transaction to the OCTA.

**Procedure #9**

We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:

- a. Verified that the Contractor was selected using a competitive procurement process.
- b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

**Results:**

Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with two third party service providers, California Yellow Cab and The Bus, to provide senior transportation services under the Senior Mobility Program. We verified that California Yellow Cab was selected using a competitive procurement process through review of the City's Request for Proposal, bidding documents, and the executed agreement with California Yellow Cab. Per review of the contract agreement we verified that wheelchair accessible vehicles are available and used as needed. The City did not competitively procure The Bus and did not have an executed contract to outline the wheelchair accessible requirement. The Bus was procured through an agreement between the City and the Fullerton Senior Travel Club (a nonprofit Organization). Two trips were provided by The Bus during the fiscal year, see expenditures noted under procedure 6. No other exceptions were noted as a result of our procedures.

**City's Response:**

With the agreement being between the Bus and the Fullerton Senior Citizen's Club it was thought that the City's procurement process was not applicable. The payment should have been a reimbursement to the senior club rather than a direct payment to The Bus. In the future, the City will follow proper competitive procurement procedures and require any contractors who receive M2 funding to follow the same procedures. The City will reimburse OCTA for the cost of the two trips from The Bus by reversing the expense from the M2 funds to City funds and send proof of the transaction to the OCTA.

**Procedure #10**

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

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

**Results:**

Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with two third party service providers, California Yellow Cab and The Bus, to provide transportation services under the Senior Mobility Program. We obtained and reviewed the insurance coverage for California Yellow Cab, and noted the requirements established in the Cooperative Agreement were partially met. We were unable to obtain the Workers Compensation and Employers' Liability insurance coverage for California Yellow Cab, and as such could not determine if the requirements established in the Cooperative Agreement were met. Additionally, we were unable to review insurance coverage for The Bus as proof of insurance was not on file with the City.

As required in the Cooperative Agreement, we noted the current year proof of insurance for the City was submitted and on file with OCLTA, while the City's contractors' insurance was on file with the City, except as noted above. No other exceptions were noted as a result of our procedures.

**City's Response:**

Although most of the insurance requirements were met, the Workers Compensation and Employers Liability Insurance were not. Yellow Cab is in the process of getting the insurance requirements to the City and the City should be receiving the insurance. The City will follow up each year with the contractor to ensure that the proper insurance certificates have been sent to the City.

**Procedure #11**

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

**Results:**

Through review of the City's monthly summary reports, we noted that, in five of twelve reports, expenditures did not agree to supporting documentation. Total expenditures were under reported by \$14,197, or 8% of the actual general ledger balances. The City asserted the differences were related to the timing of invoice processing, which were recorded in the general ledger subsequent to the monthly report submission, exclusion of expenditures related to trips outside of Orange County limits, and input errors.

<u>Reporting Month</u>	<u>Amount Reported as OCTA Contribution</u>	<u>Amount per City's General Ledger</u>	<u>Variance</u>
December-15	\$ 15,610	\$ 16,295	\$ (685)
January-16	2,520	6,187	(3,667)
February-16	12,666	16,539	(3,873)
May-16	6,743	7,818	(1,075)
June-16	13,143	18,040	(4,897)

In addition, a sample of four reports were reviewed for timely submission and it was noted that reports were submitted within 30 days of month end. We noted for the June 2016 summary report, the City made a preliminary submission within 30 days of month end. However, the City made revisions to the form for the month of June 2016, and did not submit revised amounts to OCTA. No other exceptions were noted as a result of our procedures.

**City's Response:**

The City of Fullerton, will reconcile all monthly SMP reports with the City's general ledger prior to submitting the SMP to OCTA. The City will notify OCTA of any changes made to the GL. If any changes are made, the City will submit a revised SMP report to OCTA.

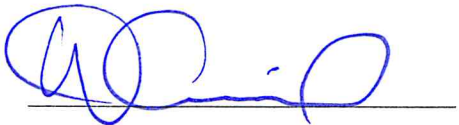
Sincerely,



Title: City Manager



Title: Director of Administrative Services



Title: Director of Parks & Recreation





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

Board of Directors

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Mission Viejo's (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2016. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

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

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

2. We documented which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, lines 13 and 14 for Project U), explaining any differences.

Results: The City's expenditures are tracked in the general ledger by fund and object. The City records its Senior Mobility Program expenditures in its Senior Mobility Grant Fund (278). During the fiscal year ended June 30, 2016, the City reported total program expenditures of \$86,312, which did not include the City's match. The City reported \$86,312 in program expenditures on the Expenditure Report (Schedule 2, Lines 13 and 14 for Project U) which agrees to the M2 funded portion of total expenditures. No exceptions were noted as a result of our procedures.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2016 agreed to the balance as listed on the City's Expenditure Report (Schedule 1, lines 16 and 17), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2016, we agreed to amount listed as received on City's Expenditure Report (Schedule 2, line 5 for Project U), explaining any differences.

Results: The City received \$322,446 for the past three fiscal years ended June 30, 2014, 2015 and 2016. No exceptions were noted as a result of our procedures. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Senior Mobility Program (M2)	\$ 111,340
2014/2015	Senior Mobility Program (M2)	867

We compared the fund balance of \$112,207 to the City's Expenditure Report (Schedule 1, lines 16 and 17), noting the Expenditure Report reflected a balance of (\$287,792). The difference of (\$399,999) relates to the Water Quality Program, with the remaining related to the Senior Mobility Program.

The City received \$111,340 during the fiscal year ended June 30, 2016 which agrees to the City's Expenditure Report (Schedule 2, Line 5 for Project U). No exceptions were noted as a result of our procedures.

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

Results: The City reported \$697 of interest income for the year ended June 30, 2016 which agreed to the City's Expenditure Report (Schedule 2, Line 6 for Project U). No exceptions were noted as a result of our procedures.

Additionally, we inquired of the City's fare collection methodology and noted fares are collected by the City's third party service providers and noted on monthly invoices. During the year ended June 30, 2016, one of the third party contractors collected \$5 per trip, which was used to offset the amounts paid to the contractor. However, the City did not record the fare box revenue or related expenditures in the City's general ledger. Refer to Procedure 5 below. No other exceptions were noted as a result of our procedures.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e. accrual-basis funding allocation for fiscal year ended June 30, 2016).

Results: The total match expenditures amounted to \$38,949 which was approximately 35% of the total annual formula allocation of \$111,340. We noted the match expenditures were not reported in the City's general ledger, but instead tracked as direct reductions on the individual invoices for the City's two third party contractors. Further, the \$38,949 in match funds were not included in the total expenditures noted under Procedure 2 above. Amounts reported as expenditures in the City's general ledger, and tested under Procedure 6, were the net amount due to the third party contractor after removing the calculated fare box revenue. California Yellow Cab collects \$5 per trip to offset trip costs as a match, while Age Well Senior Services holds back 20% of the invoice total as a match. We verified match requirements were met through review of the City's invoices with the third party contractors, and have summarized the match contributions below:

<u>Match Amount</u>	<u>Third Party Contractor</u>
\$33,975	California Yellow Cab
4,974	Age Well Senior Services

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

Results: Measure M2 Senior Mobility Program expenditures tested totaled \$70,816 representing approximately 82% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

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

Results: We inquired of management as to the procedures used to ensure services are provided only to eligible participants and noted upon registration, the City reviews date of birth documented on registration forms, to ensure participants are 60 years of age or older. No exceptions were noted as a result of our procedures.

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

Results: Based on our review of the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and review of the general ledger expenditure detail, we noted no indirect costs were charged as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

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

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with two third party service providers, California Yellow Cab and Age Well Senior Services, to provide senior transportation services for the Senior Mobility Program. We verified that both contractors were selected using a competitive procurement process through review of the City's Request for Proposals (RFP), bidding documents, and the executed agreements. We noted the City awarded the contracts to California Yellow Cab in 2006 and Age Well Senior Services in 2003. For the Age Well Senior Services Contract, the initial agenda report and bidding documents were not provided, but we reviewed the RFP as evidence of the competitive bid process. The City has continued to extend existing contracts with California Yellow Cab and Age Well Senior Services through June 30, 2016, with no additional competitive procurement activities since 2006 and 2003, respectively.

Per review of the California Yellow Cab contract agreement we verified that wheelchair accessible vehicles are available and used as needed. Per review of the Age Well Senior Services contract agreement, inclusion of wheelchair accessible vehicles was not present. Further, as noted above, we were unable to verify if language was included in the Age Well Senior Services bid documents because those documents were not available. No other exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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



Laguna Hills, California  
March 8, 2017



# City of Mission Viejo

## Administrative Services Department

**Wendy Bucknum**  
*Mayor*

**Ed Sachs**  
*Mayor Pro Tem*

**Brian Goodell**  
*Council Member*

**Trish Kelley**  
*Council Member*

**Greg Rath**  
*Council Member*

March 8, 2017

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility Program for the City of Mission Viejo as of and for the fiscal year ended June 30, 2016.

### **Procedure #4**

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

### **Results:**

The City reported \$697 of interest income for the year ended June 30, 2016 which agreed to the City's Expenditure Report (Schedule 2, Line 6 for Project U). No exceptions noted as a result of our procedures.

Additionally, we inquired of the City's fare collection methodology and noted fares are collected by City's third party service providers and noted on monthly invoices. During the year ended June 30, 2016, one of the third party contractors collected \$5 per trip, which was used to offset the amounts paid to the contractor. However, the City did not record the fare box revenue or related expenditures in the City's general ledger. Refer to Procedure 5 below. No other exceptions were noted as a result of our procedures.

### **City's Response:**

The City will request that our third party provider submit invoices that reflect the total cost of the services provided, as well as the total amount of fares collected. The city will then enter two lines into our financial software when processing the payment: one line for the total amount, and one line for the fare amount (credit). Therefore, the fare amount will be visible on our general ledger.





## **Procedure #5**

We verified that the City satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e. accrual-basis funding allocation for fiscal year ended June 30, 2016).

### **Results:**

The total match expenditures amounted to \$38,949 which is approximately 35% of the total annual formula allocation of \$111,340. We noted the match expenditures were not reported in the City's general ledger, but instead tracked as direct reductions on the individual invoices for the City's two third party contractors. Further, the \$38,949 in match funds were not included in the total expenditures noted under Procedure 2 above. Amounts reported as expenditures in the City's general ledger, and tested under Procedure 6, were the net amount due to the third party contractor after removing the calculated fare box revenue. California Yellow Cab collects \$5 per trip to offset trip costs as a match, while Age Well Senior Services holds back 20% of the invoice total as a match. We verified match requirements were met through review of the City's invoices with the third party contractors, and have summarized the match contributions below:

<u>Match Amount</u>	<u>Third Party Contractor</u>
\$33,975	California Yellow Cab
4,974	Age Well Senior Services

### **City's Response:**

Our current vendor, Age Well, provides invoices showing the gross amount and the 20% match. We will change our procedure from entering the net amount into our financial software to entering one line for the total, and one line for the 20% match. Therefore, the match amount will be visible on our general ledger.

## **Procedure #9**

We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:

- a. Verified that the Contractor was selected using a competitive procurement process.
- b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

### **Results:**

Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with two third party service providers, California Yellow Cab and Age Well Senior Services, to provide senior transportation services for the Senior Mobility Program. We verified that both contractors were selected using a competitive procurement process through review of the City's Request for Proposals, bidding documents, and the executed agreements. We noted the City awarded the contracts to California Yellow Cab in 2006 and Age Well Senior Services in 2003. For the Age Well Senior Services Contract, the initial agenda report and bidding documents were not provided, but we reviewed the RFP as evidence of the competitive bid process. The City has continued to extend existing contracts with California Yellow Cab and Age Well Senior Services through June 30, 2016, with no additional competitive procurement activities since 2006 and 2003, respectively.

Per review of the California Yellow Cab contract agreement we verified that wheelchair accessible vehicles are available and used as needed. Per review of the Age Well Senior Services contract agreement, inclusion of wheelchair accessible vehicles was not present. Further, as noted above, we were unable to verify if language was included in the Age Well Senior Services bid documents and those documents were not available. No other exceptions were noted as a result of our procedures.

**City's Response:**

The City will not issue another extension to the existing contracts and will issue an RFP for a competitive bid at the first opportunity.

In addition, the scope of services included a section on wheelchair accessibility and Age Well currently uses vans that accommodate wheelchair passengers. We will amend any new contracts to include this wording in the future.

Signatures:

  
Dennis Wilberg, City Manager



Cheryl Dyas, Director of Administrative Services



Mark Nix, Director of Recreation & Community Services



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

Board of Directors

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Newport Beach's (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2016. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

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

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

2. We documented which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, lines 13 and 14 for Project U), explaining any differences.

Results: The City's expenditures are tracked in the general ledger by fund and project. The City records its Senior Mobility Program expenditures in its General Fund (010) under Organization 0107033 – Oasis Transportation. During the fiscal year ended June 30, 2016, the City reported total program expenditures of \$674,092, which included the City's match. The City reported \$127,630 in program expenditures on the Expenditure Report (Schedule 2, Lines 13 and 14 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were noted as a result of our procedures.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2016, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, lines 16 and 17), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2016, we agreed to amount listed as received on City's Expenditure Report (Schedule 2, line 5 for Project U), explaining any differences.

Results: The City received \$366,961 for the past three fiscal years ended June 30, 2014, 2015 and 2016. No exceptions were noted as a result of our procedures. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Senior Mobility Program (M2)	\$ 0

We compared the fund balance of \$0 to the City's Expenditure Report (Schedule 1, lines 16 and 17), noting the Expenditure Report reflected a balance of (\$54,369). The balance of (\$54,369) related to the City's Regional Traffic Signal Synchronization Program and Water Quality Program.

The City received \$126,711 during the fiscal year ended June 30, 2016 which agreed to the City's Expenditure Report (Schedule 2, Line 5 for Project U). No exceptions were noted as a result of our procedures.

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

Results: The City reported \$919 of interest income for the year ended June 30, 2016 which agreed to the City's Expenditure Report (Schedule 2, Line 6 for Project U). No exceptions were noted as a result of our procedures.

Additionally, we inquired of the City's fare collection methodology and noted fares are collected by the City and tracked in the City's general ledger within the Oasis Transportation Organization Code (0107033), and Oasis Transportation Fees Object Code (551180). During the year ended June 30, 2016, the City collected \$25,450, which was used to offset SMP expenditures within the same Organization Code (0107033). No exceptions were noted as a result of our procedures.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e. accrual-basis funding allocation for fiscal year ended June 30, 2016).

Results: The total match expenditures amounted to \$547,381 which was approximately 432% of the total annual formula allocation of \$126,711. No exceptions were noted as a result of our procedures.

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

Results: Measure M2 Senior Mobility Program expenditures tested totaled \$212,013 representing approximately 31% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

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

Results: We inquired of management as to the procedures used to ensure services are provided only to eligible participants and noted upon registration, the City reviews date of birth documented on registration forms, to ensure participants are 60 years of age or older. No exceptions were noted as a result of our procedures.

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

Results: Based on our review of the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with City's Finance and Recreation & Senior Services personnel (personnel) and review of the general ledger expenditure detail, we identified indirect expenditures as part of the City's match, excluded from the Expenditure Report. We tested a total of \$155,690 as indirect costs, representing 23% of total Measure M2 Senior Mobility Program expenditures (including match expenditures) for the fiscal year ended June 30, 2016. No exceptions noted as a result of our procedures.

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

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

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

Results: We obtained and reviewed the insurance coverage for the City, and noted the requirements established by the Cooperative Agreement were met. Additionally, we noted the current year proof of insurance was submitted and on file with OCLTA. No exceptions were noted as a result of our procedures.

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

Results: Through review of the City's monthly summary reports, we noted that, in nine of twelve reports, expenditures did not agree to the supporting documentation. Total expenditures were under reported by \$29,810, or 4% of the actual general ledger balances. The City asserted the differences were related to the timing of processing payments and internal service costs, which were recorded in the general ledger subsequent to the monthly report submission.

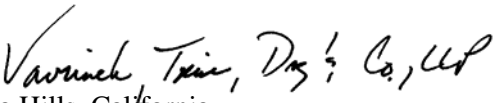
Reporting Month	Amount Reported as OCTA Contribution	Amount per City's General Ledger	Variance
August-15	\$ 52,405	\$ 52,403	\$ 2
September-15	52,051	54,148	(97)
October-15	54,503	54,542	(39)
January-16	49,945	50,101	(156)
February-16	49,386	48,776	610
March-16	61,002	61,039	(37)
April-16	47,621	48,122	(501)
May-16	38,603	52,365	(13,762)
June-16	47,721	63,551	(15,830)

In addition, a sample of four reports were reviewed for timely submission and it was noted that reports were submitted within 30 days of month end to OCLTA. No other exceptions were noted as a result of our procedures.

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

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

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

  
Laguna Hills, California  
March 8, 2017

## CITY OF NEWPORT BEACH

100 Civic Center Drive  
Newport Beach, California 92660  
949 644-3127 | 949 644-3339 FAX  
newportbeachca.gov/finance



March 8, 2017

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility Program for the City of Newport Beach as of and for the fiscal year ended June 30, 2016.

**Procedure #11**

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

**Results:**

Through review of the City's monthly summary reports, we noted that, in nine of twelve reports, expenditures did not agree to the supporting documentation. Total expenditures were under reported by \$29,810, or 4% of the actual general ledger balances. The City asserted the differences were related to the timing of processing payments and internal service costs, which were recorded in the general ledger subsequent to the monthly report submission.


Reporting Month	Amount Reported as OCTA Contribution	Amount per City's General Ledger	Variance
August-15	\$ 52,405	\$ 52,403	\$ 2
September-15	52,051	54,148	(97)
October-15	54,503	54,542	(39)
January-16	49,945	50,101	(156)
February-16	49,386	48,776	610
March-16	61,002	61,039	(37)
April-16	47,621	48,122	(501)
May-16	38,603	52,365	(13,762)
June-16	47,721	63,551	(15,830)


In addition, a sample of four reports were reviewed for timely submission and it was noted that reported were submitted within 30 days of month end to OCLTA. No other exceptions were noted as a result of our procedures.

**City's Response:**

The City concurs that the difference between the monthly reports and the general ledger expenditures is due to the timing of processing the monthly reports, which are prepared prior to the closing of the fiscal year. Going forward, the City shall continue to submit the monthly reports on time, and additionally, submit a year to-date report after the fiscal year is closed.

Sincerely,

  
Dave Kiff, City Manager

  
Dan Matusiewicz, Director of Finance Department

  
Laura Detweiler, Director of Recreation & Senior Services Department



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

Board of Directors

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Yorba Linda's (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2016. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

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

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

2. We documented which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, lines 13 and 14 for Project U), explaining any differences.

Results: The City's expenditures are tracked in the general ledger by fund, object, and project. The City records its Senior Mobility Program expenditures in its General Fund (001), under Parks and Recreation/Community Center Contractual Service (object# 418) and Senior Mobility Program (project# 3023). During the year ended June 30, 2016, the City reported total program expenditures of \$100,142, which included the City's match. The City reported \$83,127 in program expenditures on the Expenditure Report (Schedule 2, Lines 13 and 14 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were noted as a result of our procedures.



3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2016, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, lines 16 and 17), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2016, we agreed to amount listed as received on City's Expenditure Report (Schedule 2, line 5 for Project U), explaining any differences.

Results: The City received \$197,982 for the past three fiscal years ended June 30, 2014, 2015 and 2016. No exceptions were noted as a result of our procedures. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Senior Mobility Program (M2)	\$ 11,222

We compared the fund balance of \$11,222 to the City's Expenditure Report (Schedule 1, lines 16 and 17), without exception.

The City received \$68,362 during the fiscal year ended June 30, 2016 which agreed to the City's Expenditure Report (Schedule 2, Line 5 for Project U). No exceptions were noted as a result of our procedures.

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

Results: The City reported \$657 of interest income for the year ended June 30, 2016, which agreed to the City's Expenditure Report (Schedule 2, Line 6 – Project U). We reviewed the City's interest allocation worksheet and noted the calculation contained a mathematical error resulting in an over allocation of interest in the amount of \$478. No other exceptions were noted as a result of our procedures.

Additionally, we inquired of the City's fare collection methodology and noted fares are collected by the third party contractor and noted on monthly invoices. During the year ended June 30, 2016, the third party contractor collected \$3,787, which was used to offset contractor payments, and were tracked under Object Code 418, Activity #3023 (Parks and Recreation/Community Center/Contractual Services – Senior Mobility Program). No exceptions were noted as a result of our procedures.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e. accrual-basis funding allocation for fiscal year ended June 30, 2016).

Results: The total match expenditures amounted to \$16,995 which was approximately 25% of the total annual formula allocation of \$68,362. No exceptions were noted as a result of our procedures.

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

Results: Measure M2 Senior Mobility Program expenditures tested totaled \$69,903 representing approximately 70% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

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

Results: We inquired of management as to the procedures used to ensure services are provided only to eligible participants and noted that the City has reviewed all participant data to ensure only eligible residents are enrolled in the Senior Mobility Program. The City's original Scope of Work allowed for enrollment of those 55 years of age or older, which differs from the Ordinance requirement of 60 years of age or older. As such, during the year, the City revised the policy to ensure only those over the age of 60 are enrolled in the program. Upon registration, the City verifies date of birth to ensure participants are 60 years of age or older.

As a result of the change from 55 years of age to 60 years of age, the City reviewed all the registration forms on file in March 2016. Per review of the listing of approximately 1,030 registered participants, the City identified 4 participants between 55 and 59 years of age. One of these participants used services within six months of the City's review (i.e. between October 2015 and March 2016). After this review, the City has notified all staff at the Community Center to ensure only residents 60 years of age or older are enrolled or served by the program.

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

Results: Based on our review of the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussion with the City's accounting personnel and review of the general ledger expenditure detail, we noted no indirect costs were charged as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

Results: Through review of a sample of four City's monthly summary reports, it was noted that the City's reported monthly expenditures agreed to supporting documentation, and reports were submitted to OCLTA within 30 days of month end. We noted two transposition errors of total expenditures totaling \$270 each within the September 2015 and June 2016 reports, but in both cases, the City revised and submitted the reports to OCLTA on November 23, 2016. No exceptions were noted as a result of our procedures.

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

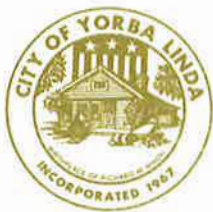
At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express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

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



Laguna Hills, California

March 8, 2017



# CITY OF YORBA LINDA

P.O. BOX 87014

CALIFORNIA 92885-8714

March 8, 2017

Board of Directors

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility Program for the City of Yorba Linda as of and for the fiscal year ended June 30, 2016.

## **Procedure #4**

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

## **Results:**

The City reported \$657 of interest income for the year ended June 30, 2016, which agreed to the City's Expenditure Report (Schedule 2, Line 6 – Project U). We reviewed the City's interest allocation worksheet and noted the calculation contained a mathematical error resulting in an over allocation of interest in the amount of \$478. No other exceptions were noted as a result of our procedures.

Additionally, we inquired of the City's fare collection methodology and noted fares are collected by the third party contractor and noted on monthly invoices. During the year ended June 30, 2016, the third party contractor collected \$3,787, which was used to offset contractor payments, and were tracked under Object Code 418, Activity #3023 (Parks and Recreation/Community Center/Contractual Services – Senior Mobility Program). No exceptions were noted as a result of our procedures.

## **City's Response:**

The City agrees that additional interest was allocated to the program incorrectly due to a formula error in the City's interest allocation spreadsheet. The formula in the spreadsheet has since been corrected for use in future years' calculations.

## **Procedure #7**

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

## **Results:**

We inquired of management as to the procedures used to ensure services are provided only to eligible participants and noted that the City has reviewed all participant data to ensure only eligible residents are enrolled in the Senior Mobility Program. The City's original Scope of Work allowed for enrollment of those 55 years of age or older, which differs from the Ordinance requirement of 60 years of age or older.

As such, during the year, the City revised the policy to ensure only those over the age of 60 are enrolled in the program. Upon registration, the City verifies date of birth to ensure participants are 60 years of age or older. As a result of the change from 55 years of age to 60 years of age, the City reviewed all the registration forms on file in March 2016. Per review of the listing of approximately 1,030 registered participants, the City identified 4 participants between 55 and 59 years of age. One of these participants used services within six months of the City's review (i.e. between October 2015 and March 2016). After this review, the City has notified all staff at the Community Center to ensure only residents 60 years of age or older are enrolled or served by the program

**City's Response:**

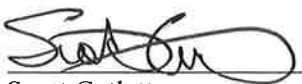
As discussed in the Auditor's finding above, the City has already put in place procedures to ensure that only residents 60 years of age or older are enrolled in or served by the program.

Sincerely yours,

CITY OF YORBA LINDA



Mark Pulone  
City Manager



Scott Catlett  
Finance Director



Mike Kudron  
Parks & Recreation Director