

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR MOBILITY PROGRAM
AGREED-UPON PROCEDURES REPORTS**

Year Ended June 30, 2012

**ORANGE COUNTY LOCAL
TRANSPORATION AUTHORITY**

**MEASURE M2 SENIOR MOBILITY PROGRAM
AGREED-UPON PROCEDURES REPORTS**

Year Ended June 30, 2012

The cities listed below were selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agree-upon procedures for the fiscal year ended June 30, 2012. Please refer to the individual divider tab for our report on each Agency.

City of Anaheim

City of Huntington Beach

City of Santa Ana



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

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 Anaheim's (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2012. 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 Measure M2 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 funds the City used to track expenditures relating to the Measure M2 Senior Mobility Program Funds (SMP Funds) in the general ledger and the amount spent during the fiscal year ended June 30, 2012.

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 General Fund. During the fiscal year ending June 30, 2012, the City reported total program expenditures of \$260,104, which included the City's match. No exceptions were noted as a result of our procedures.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made by OCLTA to the City and calculated the amount received by the City for the past three fiscal years. We also obtained the cash balance of the City's Measure M2 Senior Mobility Program as of June 30, 2012 and determined whether funds were expended within three of years of being received.

Results: The City received \$225,898 in SMP Funds for the fiscal year ending June 30, 2012, which is the first year of this funding. As of June 30, 2012 the City had expended \$208,083 and had a remaining cash balance of \$17,815. No exceptions were noted as a result of our procedures.

4. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Senior Mobility Program.

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

5. We verified that the City satisfied the twenty percent (20%) match requirement of the total annual formula allocation.

Results: The City's match was met monthly through the payment of monthly invoices from its contracted vendor, with 80% of the invoice paid with SMP Funds and 20% paid by other City funds. No exceptions were noted as a result of our procedures.

6. We haphazardly 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 would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditures selected above in (a) was 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.

Results: A total of \$260,104 expenditures were tested, representing 100% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2012. Additionally, it was noted that 100% of these expenditures were payments to a third party vendor. No exceptions were noted as a result of our procedures.

7. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the general ledger expenditure detail and discussion with City finance personnel, the Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as a result of our procedures.

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

- a. Verified that the contractor was selected using a competitive procurement process.
- b. Reviewed the contract agreement to ensure the inclusion of the term: "wheelchair accessible vehicles are available and used when requested".

Results: The City contracted with only one vendor which was tested. No exceptions were noted as a result of our procedures.

9. We obtained proof of insurance coverage for the City and we performed the following:

- a. Reviewed the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
- b. Verified that the proof of insurance was submitted to OCLTA prior to commencement of any work and within ten (10) calendar days from the effective date of the Cooperative Agreement.

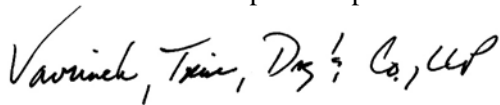
Results: No exceptions were noted as a result of our procedures.

10. We obtained and haphazardly selected a sample of monthly summary reports for the fiscal year ending June 30, 2012, and determined that the reports were properly prepared and submitted within fifteen (15) calendar days of month end.

Results: Through review of the City's monthly summary reports, it was noted that the monthly expense reported agreed to supporting documentation however, evidence to support that the reports were submitted timely to OCLTA was not available. Additionally, management asserted that their contracted transportation vendor did not provide the information necessary to compile the monthly reports, until 10 days after the month-end, per the agreement with the vendor. Upon receipt of the information by the City, the City compiled the data and submitted the required monthly reports to OCLTA, however not always within 15 calendar days as required by the Cooperative Agreement. Management of OCLTA has asserted that the due dates for these reports will be modified to allow the City additional time to prepare and submit these reports. 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 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.

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
December 18, 2012



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

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

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 Huntington Beach's (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, September 30, 2012. 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 Measure M2 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 funds the City used to track expenditures relating to the Measure M2 Senior Mobility Program Funds (SMP Funds) in the general ledger and the amount spent during the fiscal year ended September 30, 2012.

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 Program Fund #963. During the fiscal year ending September 30, 2012, the City reported expenditures of \$197,762, which included the City's match. No exceptions were noted as a result of our procedures.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made by OCLTA to the City and calculated the amount received by the City for the past three fiscal years. We also obtained the cash balance of the City's Measure M2 Senior Mobility Program as of September 30, 2012 and determined whether funds were expended within three of years of being received.

Results: The City received \$186,997 in Measure M2 Senior Mobility Program funds for the fiscal year ending September 30, 2012, which is the first year of this funding. As of September 30, 2012 the City had expended \$154,347 and had a remaining cash balance of \$32,650. No exceptions were noted as a result of our procedures.

4. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Senior Mobility Program.

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

5. We verified that the City satisfied the twenty percent (20%) match requirement of the total annual formula allocation.

Results: The City's match was met monthly through the payment of monthly expenses, with 80% of these expenses paid with SMP Funds and the remaining 20% paid for with other City funds. No exceptions were noted as a result of our procedures.

6. We haphazardly 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 would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditures selected above in (a) 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.

Results: Total program expenditures of \$197,762 were made up of payroll charges. These payroll related charges were for three employees. Timecards for all three (100%) of the employees, whose payroll is charged to the program were tested for 6 out of 26 pay periods for the fiscal year ended September 30, 2012. No exceptions were noted as a result of our procedures.

7. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the general ledger expenditure detail and discussion with the City's accounting personnel, Measure M2 Senior Mobility Program expenditures for the fiscal year ended September 30, 2012 did not include indirect costs. No exceptions were noted as a result of our procedures.

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

- a. Verified that the contractor was selected using a competitive procurement process.
- b. Reviewed the contract agreement to ensure the inclusion of the term: "wheelchair accessible vehicles are available and used when requested".

Results: Based on discussion with City finance 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.

9. We obtained proof of insurance coverage for the City and we performed the following:

- a. Reviewed the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
- b. Verified that the proof of insurance was submitted to OCLTA prior to commencement of any work and within ten (10) calendar days from the effective date of the Cooperative Agreement.

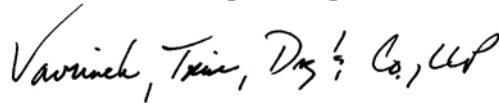
Results: Based on inquiry of City personnel, it was noted that no evidence was available to support that required insurance information was submitted to OCLTA. The City is self insured and management asserted that a copy of their insurance certificate will be provided to OCLTA.

10. We obtained and haphazardly selected a sample of monthly summary reports for the fiscal year ending September 30, 2012, and determined that the reports were properly prepared and submitted within fifteen (15) calendar days of month end.

Results: Through review of the City's monthly summary reports, it was noted that the monthly expense reported agreed to supporting documentation however, these reports were not being submitted to OCLTA within 15 days after month end in accordance with the Cooperative Agreement. Management asserted that the City has an arrangement with OCLTA to have the monthly reports submitted by the 23rd of each month. Management also asserted that the additional time is needed due to the size of the program and the amount of time required to prepare the reports. Management of OCLTA has asserted that the due dates for these reports will be modified to allow the City additional time to prepare and submit these reports. 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 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.

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
December 18, 2012



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES —CITY OF SANTA ANA**

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 Santa Ana (City's) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2012. 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 Measure M2 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 funds the City used to track expenditures relating to the Measure M2 Senior Mobility Program Funds (SMP Funds) in the general ledger and the amount spent during the fiscal year ended June 30, 2012.

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 OCLTA Senior Mobility Program Fund. During the fiscal year ending June 30, 2012, the City reported total program expenditures of \$215,642, which included the City's match. No exceptions were noted as a result of our procedures.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made by OCLTA to the City and calculated the amount received by the City for the past three fiscal years. We also obtained the cash balance of the City's Measure M2 Senior Mobility Program as of June 30, 2012 and determined whether funds were expended within three of years of being received.

Results: The City received \$160,733 in Measure M2 Senior Mobility Program funds for the fiscal year ending June 30, 2012, which is the first year of this funding. As of June 30, 2012 the City had expended the entire \$160,733 received to date. No exceptions were noted as a result of our procedures.

4. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Senior Mobility Program.

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

5. We verified that the City satisfied the twenty percent (20%) match requirement of the total annual formula allocation.

Results: The City's match was met monthly through the payment of monthly expenses, with 80% of these expenses paid with SMP Funds and the remaining 20% paid by other City funds. The City's match was tracked in a separate fund, by job number. No exceptions were noted as a result of our procedures.

6. We haphazardly 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 would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditures selected above in (a) was 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.

Results: Total program expenditures of \$215,642 were made up of payroll expenditures of \$146,694, and non-payroll expenditures of \$68,948. A total of \$10,902 of non-payroll related expenditures were tested, representing 16% of non-payroll expenditures, and timecards for all five (100%) of the employees whose payroll is charged to the program, were tested for 4 out of 26 pay periods for the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

7. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the general ledger expenditure detail and discussion with City finance personnel, the Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as a result of our procedures.

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

- a. Verified that the contractor was selected using a competitive procurement process.
- b. Reviewed the contract agreement to ensure the inclusion of the term: "wheelchair accessible vehicles are available and used when requested".

Results: Based on our review of the agreement between the City and their contracted vendor, the statement "wheelchair accessible vehicles are available when requested" is not included. It was asserted by management that wheelchair accessible vehicles are being utilized by their vendor and are available and used when requested. The City of Santa Ana procured a third-party service provider which provides bus services with lift equipment for wheelchair access. Management also asserted that the phrase verbatim "wheelchair accessible vehicles are available and used when requested", can be added to the 2012-2013 purchase order. No other exceptions were noted as a result of our procedures.

9. We obtained proof of insurance coverage for the City and we performed the following:
- a. Reviewed the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
 - b. Verified that the proof of insurance was submitted to OCLTA prior to commencement of any work and within ten (10) calendar days from the effective date of the Cooperative Agreement.

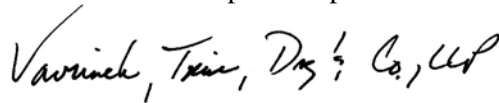
Results: No exceptions were noted as a result of our procedures.

10. We obtained and haphazardly selected a sample of monthly summary reports for the fiscal year ending June 30, 2012, and determined that the reports were properly prepared and submitted within fifteen (15) calendar days of month end.

Results: We haphazardly selected 4 out of 12 monthly summary reports for testing, and agreed the monthly expenses reported, to supporting documentation. Additionally, documentation was provided to support the reports were submitted timely. Management of OCLTA has asserted that the due dates for these reports will be modified to allow the City additional time to prepare and submit these reports. 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 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.

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
December 20, 2012