



Measure M
Taxpayer Oversight Committee
at the Orange County Transportation Authority
600 S. Main Street, Orange CA, Room 103/4
February 10, 2015
6:00 p.m.



AGENDA

1. **Welcome**
2. **Pledge of Allegiance**
3. **MEASURE M ANNUAL PUBLIC HEARING**
 - a. **Overview of Taxpayer Oversight Committee**
 - b. **Review of the 2014 Taxpayer Oversight Committee Actions**
 - c. **Local Eligibility Subcommittee Report**
 - d. **Audit Subcommittee Report**
 - e. **Public Comments***
 - f. **Adjournment of Public Hearing**
4. **Approval of Minutes/Attendance Report for December 9, 2014**
5. **Action Items**
 - A. **M1/M2 Quarterly Review & Expenditure Reports (December 14)**
Andy Oftelie, Executive Director Finance; Receive and File
 - B. **2015 Annual Hearing Follow-up and Compliance Findings**
Eric Woolery, Taxpayer Oversight Committee Chair
6. **Presentation Items**
 - A. **Signal Synchronization Program**
Presentation – Kia Mortazavi, Executive Director, Planning
7. **OCTA Staff Updates (5 minutes each)**
 - I-405/Project K – Rose Casey, Director, Highway Programs
 - Project Awards – Alice Rogan, Interim Manager, Public Outreach
 - TOC Recruitment – Alice Rogan, Interim Manager, Public Outreach
 - Other
8. **Committee Member Reports**
9. **Public Comments***
10. **Adjournment**

*Public Comments: At this time, members of the public may address the Taxpayers Oversight Committee (TOC) regarding any items within the subject matter jurisdiction of the TOC, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three (3) minutes per person, unless different time limits are set by the Chairman, subject to the approval of the TOC.

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



Measure M Taxpayer Oversight Committee



INFORMATION ITEMS

- 1. Comprehensive Transportation Funding Programs Semi-Annual Review – September 2014** **Dec. 8, 2014**
- 2. Measure M2 Environmental Mitigation Program Update**
- 3. Financial and Compliance Audits of Ten Measure M Competitive Funding Program Projects** **Jan. 12, 2015**
- 4. Countywide Pavement Management Plan Guidelines Updates**
- 5. Fourth Quarter 2014 Debt and Investment Report** **Jan. 26, 2015**
- 6. Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2014**
- 7. Capital Programs Division – First Quarter Fiscal Year 2014-15 Capital Action Plan Performance Metrics** **Feb. 2, 2015**

*Public Comments: At this time, members of the public may address the Taxpayers Oversight Committee (TOC) regarding any items within the subject matter jurisdiction of the TOC, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to five (5) minutes per person and 20 minutes for all comments, unless different time limits are set by the Chairman, subject to the approval of the TOC.

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Measure M Taxpayer Oversight Committee

**December 9, 2014
Meeting Minutes**

Committee Members Present:

Jan Grimes, Orange County Auditor-Controller, Co-Chairman
Margie Drilling, Second District Representative
Terre Duensing, Third District Representative
Cynthia Hall, Fourth District Representative
Philip C. La Puma, PE, Fourth District Representative
Terry Fleskes, Fifth District Representative
Nilima Gupta, Fifth District Representative
Narinder "Nindy" Mahal, First District Representative

Committee Member(s) Absent:

Dr. Ron Randolph, Third District Representative
Linda Rogers, First District Representative, Co-Chairman
Jack Wu, Second District Representative

Orange County Transportation Authority Staff Present:

Kirk Avila, Treasurer, Finance and Administration
Jim Beil, Executive Director, Capital Programs
Jennifer Bergener, Director of Rail Programs
Marissa Espino, Community Relations Officer
Janice Kadlec, Public Reporter Specialist
Kia Mortazavi, Executive Director, Planning
Ken Phipps, Deputy Chief Executive Officer
Andrew Oftelie, Executive Director, Finance
Alice Rogan, Strategic Communications Manager, External Affairs
Tamara Warren, Program Manager, M Program Management Office

1. Welcome

Chair Jan Grimes welcomed everyone to the Orange County Transportation Authority (OCTA) Taxpayer Oversight Committee (TOC) meeting at 6:00 p.m.

2. Pledge of Allegiance

Chair Jan Grimes asked everyone to join her in the Pledge of Allegiance to the flag.

3. Approval of Minutes/Attendance Report for October 14, 2014

Chair Jan Grimes asked if there were any additions or corrections to the October 14, 2014 Meeting Minutes and Attendance Report.

A motion was made by Terry Fleskes, seconded by Nilima Gupta, and carried unanimously to approve the October 14, 2014 TOC minutes and attendance report as presented.

4. Chairman's Report

There was no report.

5. CEO Report

Deputy CEO Ken Phipps welcomed new members to the TOC and also welcomed returning members. The TOC plays a very important role - for 23 years in a row the TOC has found OCTA in compliance with the Measure M Ordinance in terms of how expenditures are made by OCTA. It is very important for taxpayers in Orange County to know their tax dollars are being spent wisely. He briefly went over Measure M projects currently underway and projects that have already been completed.

6. Action Items

A. M1/M2 Quarterly Revenue & Expenditure Reports (June 14)

B. M1/M2 Quarterly Revenue & Expenditure Reports (September 14)

Andrew Oftelie said these items were reviewed at the TOC Audit Subcommittee earlier in the evening and he gave a brief synopsis of the reports.

Phillip La Puma said the Chapman Forecast was recently released. How does this document impact the OCTA Forecast? Andrew Oftelie said OCTA contracts with Chapman to provide specific sales tax forecasts just for Orange County. The Chapman Forecast recently released is more of a statewide and countrywide forecast focusing on jobs, construction starts, and things like that. It was a very rosy forecast just like the taxable forecast they did for OCTA. The worry staff has is the advances they receive from the State Board of Equitation (SBOE) are not lining up at that same level. The advances are just advances from the state and are not a reflection of actual sales tax collection. OCTA receives this in a "true up" at the end of each subsequent quarter. Currently they are awaiting the "true up" numbers for the December quarter which will give OCTA the numbers for the first quarter of 2015.

Phillip La Puma asked if there is a negative aspect to the economy because of the recent lower gasoline prices. Andrew Oftelie said he did not know, but the speculation is if the cost is lower, then there is less sales tax taken in. However, if a person takes the money he did not spend on gas and uses it to buy other things in Orange County, then theoretically it should even out.

A motion was made by Terry Fleskes, seconded by Nilima Gupta and carried unanimously to receive and file the M1 and M2 Quarterly Revenue and Expenditure Reports for June 2014 and September 2014.

7. Presentation Items

A. Rail Program Update

Jennifer Bergener presented the Rail Program regular corridor report given each quarter to the Transit Committee and the full Board of Directors. The intent of the report is to highlight all the capital projects and the operations underway that fall under her purview at OCTA. The report covers the first quarter of FY 2015.

B. Investment Policy Overview

Kirk Avila gave an overview of the OCTA Investment Policy. He reviewed the OCTA investment portfolio as well as recent changes to the investment policy.

Margie Drilling asked what were the investment managers firms. Kirk Avila said the six firms were: Western Asset Management in Pasadena, Payden and Rygel in Los Angeles, State Street Global in Boston, and JP Morgan in Columbus Ohio. The other two managers were bond proceeds manager – Cutwater and Logan Circle.

Terry Fleskes asked if there have been any recent non-compliance issues with the investment managers. Kirk Avila said yes. During the past year they did have an investment manager who exceeded the percentage allocations that OCTA could be invested in and they were put on probation. This violation is one of the most reoccurring issues OCTA has with the investment managers and it occurred approximately a year ago. In the past 20 years of OCTA managing their own investments, only one manager has ever been removed for repeated violations.

Nilima Gupta asked about the impact on the Investment Policy of bonds with long term interest rates. Kirk Avila said the OCTA portfolio is divided between the liquid portfolio, the bond proceeds portfolio, and what they call their short term portfolio which is really their longest term portfolio. The Liquid Portfolio are funds which are needed on a daily basis for things like payroll or bills coming due within the week and it has approximately \$95 million in it. In the Bond Proceeds Portfolio are the Measure M funds used for specific projects and it has approximately \$37 million in it. The Short Term Portfolio, which is really the longest portfolio, has a little over \$1 billion in it and is used for longer term projects.

C. Annual Hearing Planning

Alice Rogan reviewed the Taxpayer, Oversight Committee Measure M Annual Public Hearing outline with the TOC members reminding members that the goal of the Public Hearing was to listen to the public comments to assist the TOC members in determining whether OCTA is proceeding in accordance with the M2

Transportation Ordinance and Investment Plan. She went over the objectives, publicity, meeting logistics, and subcommittee reports.

7. OCTA Staff Updates

I-405/Project K Update: Jim Beil gave an update on the I-405/Project K project. He reported the OCTA Board of Directors selected locally preferred Alternative 1 – adding one multi-purpose lane in each direction. Caltrans has indicated they will be choosing Alternative 3 – High Occupancy Toll Express Lane – as the project preferred alternative to be finalized in the environmental document. In partnership with OCTA, Caltrans, and Federal Highways have agreed to phase the project and to allow OCTA to build Phase 1 of the project which is the single general purpose lane as described in Measure M2 Project K. If Caltrans finds a way to implement the Express Lane they will come back and build the Express Lane. Currently the OCTA Board has deferred approval of this project until February 2015.

Terry Fleskes observed the article in the newspaper said the delay of this project would cost \$3 million a month. Is this a realistic amount? Jim Beil said it is a realistic number. It is real because it is a construction price index escalation.

Maggie Drilling asked if the general purpose lane alternative required work on the existing bridges. Jim Beil said yes, because the existing bridges had columns right on the roadway.

Jan Grimes asked once construction starts what is the time estimate from beginning to completion. Jim Beil said if the design build is awarded in 2016 construction should be completed in 2021.

Other: Alice Rogan reported the ARTIC public opening will be Saturday December 13, from 10:00 am until 3:00 pm.

8. Annual Eligibility Review Subcommittee Report

The Annual Eligibility Review Subcommittee had nothing to report.

9. Audit Subcommittee Report

Jan Grimes reported the Audit Subcommittee met earlier in the evening and receive reports on the following:

- M1 and M2 Quarterly Revenue and Expenditure Reports (June & September 2014)
- Audit Update – Status of Financial and Compliance Audits for FY 2013-14 and CTFP Audits
- Sales Tax Update
- Measure M1 Close-out

10. Environmental Oversight Committee Report

Philip La Puma said the TOC Environmental Oversight Committee did not meet in public session, but urged committee members to look at the Natural Community Conservation Plan/Habitat Conservation Plan. It is in the Public Comment phase and can be found on the OCTA website – [octa.net/conservation plan](http://octa.net/conservationplan).

11. Committee Member Report

Alice Rogan announced this will be the last meeting for Jan Grimes and thanked her for her leadership and guidance as Chair of the Taxpayers Oversight Committee.

12. Public Comments

There were no comments from the public.

13. Adjournment

The Measure M Taxpayer Oversight Committee meeting adjourned at 7:00 p.m.

Taxpayer Oversight Committee

Fiscal Year 2014-2015

Attendance Record



X = Present E = Excused Absence * = Absence Pending Approval U = Unexcused Absence -- = Resigned

Meeting Date	8-Jul	12-Aug	9-Sep	14-Oct	11-Nov	9-Dec	13-Jan	10-Feb	10-Mar	14-Apr	12-May	9-Jun
Margie Drilling		X		E		X						
Terre Duensing		X		X		X						
Terry Fleskes		X		X		X						
Jan Grimes		E		X		X						
Nilima Gupta		X		X		X						
Cynthia Hall		E		X		X						
Phil La Puma		X		X		X						
Nindy Mahal		X		E		X						
Ronald Randolph		X		X		*						
Linda Rogers		X		X		*						
Jack Wu		E		X		*						

Absences Pending Approval

<u>Meeting Date</u>	<u>Name</u>	<u>Reason</u>
12/9/14	Ronald Raldoph	Personal
12/9/14	Linda Rogers	Illness
12/9/14	Jack Wu	Personal

*Action
Items*

Measure M1
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of December 31, 2014

(\$ in thousands)	Quarter Ended Dec 31, 2014	Year to Date Dec 31, 2014	Period from Inception through Dec 31, 2014
		(A)	(B)
Revenues:			
Sales taxes	\$ -	\$ -	\$ 4,003,972
Other agencies' share of Measure M1 costs:			
Project related	599	2,215	593,804
Non-project related	-	-	620
Interest:			
Operating:			
Project related	-	-	1,745
Non-project related	313	653	270,816
Bond proceeds	-	-	136,067
Debt service	-	-	82,054
Commercial paper	-	-	6,072
Orange County bankruptcy recovery	-	-	42,268
Capital grants	-	-	156,434
Right-of-way leases	42	185	6,775
Proceeds on sale of assets held for resale	2,191	2,496	29,327
Miscellaneous:			
Project related	-	-	27
Non-project related	-	-	777
Total revenues	<u>3,145</u>	<u>5,549</u>	<u>5,330,758</u>
Expenditures:			
Supplies and services:			
State Board of Equalization (SBOE) fees	-	-	56,883
Professional services:			
Project related	304	392	209,044
Non-project related	79	82	36,120
Administration costs:			
Project related	169	328	24,426
Non-project related	262	533	96,885
Orange County bankruptcy loss	-	-	78,618
Other:			
Project related	47	68	2,190
Non-project related	8	16	15,993
Payments to local agencies:			
Turnback	-	-	594,009
Other	7,180	7,777	969,928
Capital outlay	3,060	3,127	2,105,354
Debt service:			
Principal payments on long-term debt	-	-	1,003,955
Interest on long-term debt and commercial paper	-	-	561,842
Total expenditures	<u>11,109</u>	<u>12,323</u>	<u>5,755,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,964)</u>	<u>(6,774)</u>	<u>(424,489)</u>
Other financing sources (uses):			
Transfers out:			
Project related	-	-	(409,432)
Non-project related	-	-	(5,116)
Transfers in: project related	-	-	1,829
Bond proceeds	-	-	1,169,999
Advance refunding escrow	-	-	(931)
Payment to refunded bond escrow agent	-	-	(152,930)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>603,419</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (7,964)</u>	<u>\$ (6,774)</u>	<u>\$ 178,930</u>

Measure M1
Schedule of Calculations of Net Tax Revenues and Net Bond Revenues (Debt Service)
as of December 31, 2014

<i>(\$ in thousands)</i>	Quarter Ended Dec 31, 2014 (actual)	Year Ended Dec 31, 2014 (actual)	Period from Inception through Dec 31, 2014 (actual)	Period from January 1, 2015 forward (forecast)	Total
		(C.1)	(D.1)	(E.1)	(F.1)
Tax revenues:					
Sales taxes	\$ -	\$ -	\$ 4,003,972	\$ -	\$ 4,003,972
Other agencies' share of Measure M1 costs	-	-	620	-	620
Operating interest	313	653	270,816	564	271,380
Orange County bankruptcy recovery	-	-	20,683	-	20,683
Miscellaneous, non-project related	-	-	777	-	777
Total tax revenues	<u>313</u>	<u>653</u>	<u>4,296,868</u>	<u>564</u>	<u>4,297,432</u>
Administrative expenditures:					
SBOE fees	-	-	56,883	-	56,883
Professional services, non-project related	79	82	27,259	-	27,259
Administration costs, non-project related	262	533	96,885	431	97,316
Transfers out, non-project related	-	-	5,116	-	5,116
Orange County bankruptcy loss	-	-	29,792	-	29,792
Other, non-project related	8	16	6,893	-	6,893
Total administrative expenditures	<u>349</u>	<u>631</u>	<u>222,828</u>	<u>431</u>	<u>223,259</u>
Net tax revenues	<u>\$ (36)</u>	<u>\$ 22</u>	<u>\$ 4,074,040</u>	<u>\$ 133</u>	<u>\$ 4,074,173</u>
<hr/>					
(C.2) (D.2) (E.2) (F.2)					
Bond revenues:					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 1,169,999	\$ -	\$ 1,169,999
Interest revenue from bond proceeds	-	-	136,067	-	136,067
Interest revenue from debt service funds	-	-	82,054	-	82,054
Interest revenue from commercial paper	-	-	6,072	-	6,072
Orange County bankruptcy recovery	-	-	21,585	-	21,585
Total bond revenues	<u>-</u>	<u>-</u>	<u>1,415,777</u>	<u>-</u>	<u>1,415,777</u>
Financing expenditures and uses:					
Professional services, non-project related	-	-	8,861	-	8,861
Payment to refunded bond escrow	-	-	153,861	-	153,861
Bond debt principal	-	-	1,003,955	-	1,003,955
Bond debt interest expense	-	-	561,842	-	561,842
Orange County bankruptcy loss	-	-	48,826	-	48,826
Other, non-project related	-	-	9,100	-	9,100
Total financing expenditures and uses	<u>-</u>	<u>-</u>	<u>1,786,445</u>	<u>-</u>	<u>1,786,445</u>
Net bond revenues (debt service)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (370,668)</u>	<u>\$ -</u>	<u>\$ (370,668)</u>

Measure M1
Schedule of Revenues and Expenditures Summary
as of December 31, 2014

Project Description	Net Tax Revenues Program to date Actual	Total Net Tax Revenues	Project Budget	Estimate at Completion	Variance Total Net Tax Revenues to Est at Completion	Variance Project Budget to Est at Completion	Expenditures through Dec 31, 2014	Reimbursements through Dec 31, 2014	Net Project Cost	Percent of Budget Expended
(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
(\$ in thousands)										
Freeways (43%)										
I-5 between I-405 (San Diego Fwy) and I-605 (San Gabriel Fwy)	\$ 982,351	\$ 982,383	\$ 810,010	\$ 786,150	\$ 196,233	\$ 23,860	\$ 881,401	\$ 90,550	\$ 790,851	97.6%
I-5 between I-5/I-405 Interchange and San Clemente	68,751	68,754	72,862	74,962	(6,208)	(2,100)	70,294	10,358	59,936	82.3%
I-5/I-405 Interchange	87,261	87,264	72,802	73,075	14,189	(273)	98,157	25,082	73,075	100.4%
SR-55 (Costa Mesa Fwy) between I-5 and SR-91 (Riverside Fwy)	58,175	58,176	44,511	49,349	8,827	(4,838)	55,514	6,173	49,341	110.9%
SR-57 (Orange Fwy) between I-5 and Lambert Road	29,087	29,087	24,128	22,758	6,329	1,370	25,617	2,859	22,758	94.3%
SR-91 (Riverside Fwy) between Riverside Co. line & Los Angeles Co. line	125,603	125,608	116,136	105,389	20,219	10,747	123,995	18,606	105,389	90.7%
SR-22 (Garden Grove Fwy) between SR-55 and Valley View St.	400,609	400,622	313,297	313,850	86,772	(553)	671,761	355,122	316,639	101.1%
Subtotal Projects	1,751,837	1,751,894	1,453,746	1,425,533	326,361	28,213	1,926,739	508,750	1,417,989	
Net (Bond Revenue)/Debt Service	-	-	311,917	311,917	(311,917)	-	311,917	-	311,917	
Total Freeways	\$ 1,751,837	\$ 1,751,894	\$ 1,765,663	\$ 1,737,450	\$ 14,444	\$ 28,213	\$ 2,238,656	\$ 508,750	\$ 1,729,906	44.4%
%				42.8%						
Regional Street and Road Projects (11%)										
Smart Streets	\$ 153,650	\$ 153,655	\$ 151,246	\$ 151,246	\$ 2,409	\$ -	\$ 158,075	\$ 12,296	\$ 145,779	96.4%
Regionally Significant Interchanges	89,629	89,631	89,631	89,631	-	-	87,102	146	86,956	97.0%
Intersection Improvement Program	128,041	128,045	128,045	128,045	-	-	121,612	3,832	117,780	92.0%
Traffic Signal Coordination	64,021	64,023	64,023	64,023	-	-	69,009	3,986	65,023	101.6%
Transportation Systems Management and Transportation Demand Management	12,804	12,805	12,805	12,805	-	-	11,277	217	11,060	86.4%
Subtotal Projects	448,145	448,159	445,750	445,750	2,409	-	447,075	20,477	426,598	
Net (Bond Revenue)/Debt Service	-	-	2,409	2,409	(2,409)	-	2,409	-	2,409	
Total Regional Street and Road Projects	\$ 448,145	\$ 448,159	\$ 448,159	\$ 448,159	\$ -	\$ -	\$ 449,484	\$ 20,477	\$ 429,007	11.0%
%				11.0%						

Measure M1
Schedule of Revenues and Expenditures Summary
as of December 31, 2014

Project Description	Net Tax Revenues Program to date Actual	Total Net Tax Revenues	Project Budget	Estimate at Completion	Variance Total Net Tax Revenues to Est at Completion	Variance Project Budget to Est at Completion	Expenditures through Dec 31, 2014	Reimbursements through Dec 31, 2014	Net Project Cost	Percent of Budget Expended
(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Local Street and Road Projects (21%)										
Master Plan of Arterial Highway Improvements	\$ 160,738	\$ 160,747	\$ 160,747	\$ 160,747	\$ -	\$ -	\$ 152,922	\$ 99	\$ 152,823	95.1%
Streets and Roads Maintenance and Road Improvements	594,810	594,829	594,829	594,829	-	-	594,025	-	594,025	99.9%
Growth Management Area Improvements	100,000	100,000	100,000	100,000	-	-	98,597	557	98,040	98.0%
Subtotal Projects	855,548	855,576	855,576	855,576	-	-	845,544	656	844,888	
Net (Bond Revenue)/Debt Service	-	-	-	-	-	-	-	-	-	
Total Local Street and Road Projects	\$ 855,548	\$ 855,576	\$ 855,576	\$ 855,576	\$ -	\$ -	\$ 845,544	\$ 656	\$ 844,888	
%				21.1%					21.7%	
Transit Projects (25%)										
Pacific Electric Right-of-Way	\$ 19,713	\$ 19,714	\$ 15,000	\$ 14,200	\$ 5,514	\$ 800	\$ 17,497	\$ 3,531	\$ 13,966	93.1%
Commuter Rail	367,691	367,704	352,478	360,164	7,540	(7,686)	411,438	60,805	350,633	95.4%
High-Technology Advanced Rail Transit	446,830	446,845	428,343	440,688	6,157	(12,345)	482,597	158,957	323,640	72.4%
Elderly and Handicapped Fare Stabilization	20,000	20,000	20,000	20,000	-	-	20,000	-	20,000	100.0%
Transitways	164,276	164,281	146,381	127,150	37,131	19,231	163,493	36,765	126,728	86.6%
Subtotal Projects	1,018,510	1,018,544	962,202	962,202	56,342	-	1,095,025	260,058	834,967	
Net (Bond Revenue)/Debt Service	-	-	56,342	56,342	(56,342)	-	56,342	-	56,342	
Total Transit Projects	\$ 1,018,510	\$ 1,018,544	\$ 1,018,544	\$ 1,018,544	\$ -	\$ -	\$ 1,151,367	\$ 260,058	\$ 891,309	
%				25.1%					22.9%	
Total Measure M1 Program	\$ 4,074,040	\$ 4,074,173	\$ 4,087,942	\$ 4,059,729	\$ 14,444	\$ 28,213	\$ 4,685,051	\$ 789,941	\$ 3,895,110	

Measure M2
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of December 31, 2014
(Unaudited)

(\$ in thousands)	Quarter Ended Dec 31, 2014	Year to Date Dec 31, 2014	Period from Inception to Dec 31, 2014
		(A)	(B)
Revenues:			
Sales taxes	\$ 84,403	\$ 150,270	\$ 1,008,085
Other agencies' share of Measure M2 costs:			
Project related	26,843	33,858	311,271
Non-project related	-	196	330
Interest:			
Operating:			
Non-project related	1,107	2,272	8,081
Bond proceeds	(337)	2,543	24,190
Debt service	1	1	39
Commercial paper	-	-	393
Right-of-way leases	38	87	669
Miscellaneous			
Project related	-	(181)	17
Non-project related	-	-	7
Total revenues	<u>112,055</u>	<u>189,046</u>	<u>1,353,082</u>
Expenditures:			
Supplies and services:			
State Board of Equalization (SBOE) fees	819	1,638	10,568
Professional services:			
Project related	6,969	7,874	189,889
Non-project related	329	477	11,800
Administration costs:			
Project related	1,905	3,810	31,165
Non-project related :			
Salaries and Benefits	463	926	12,915
Other	924	1,848	19,356
Other:			
Project related	41	70	1,284
Non-project related	17	25	3,591
Payments to local agencies:			
Project related	18,888	32,088	420,329
Capital outlay:			
Project related	24,685	37,411	391,273
Non-project related	-	-	31
Debt service:			
Principal payments on long-term debt	-	-	13,010
Interest on long-term debt and commercial paper	7	10,979	82,950
Total expenditures	<u>55,047</u>	<u>97,146</u>	<u>1,188,161</u>
Excess (deficiency) of revenues over (under) expenditures	<u>57,008</u>	<u>91,900</u>	<u>164,921</u>
Other financing sources (uses):			
Transfers out:			
Project related	(624)	(1,087)	(9,767)
Transfers in:			
Project related	-	-	45,278
Non-project related	-	-	7,394
Bond proceeds	-	-	358,593
Total other financing sources (uses)	<u>(624)</u>	<u>(1,087)</u>	<u>401,498</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ 56,384</u>	<u>\$ 90,813</u>	<u>\$ 566,419</u>

Measure M2
Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service)
as of December 31, 2014
(Unaudited)

<i>(\$ in thousands)</i>	Quarter Ended Dec 31, 2014 (actual)	Year Ended Dec 31, 2014 (actual) (C.1)	Period from Inception through Dec 31, 2014 (actual) (D.1)	Period from January 1, 2015 through March 31, 2015 (forecast) (E.1)	Total (F.1)
Revenues:					
Sales taxes	\$ 84,403	\$ 150,270	\$ 1,008,085	\$ 14,751,667	\$ 15,759,752
Operating interest	1,107	2,272	8,081	408,616	416,697
Subtotal	<u>85,510</u>	<u>152,542</u>	<u>1,016,166</u>	<u>15,160,283</u>	<u>16,176,449</u>
Other agencies share of M2 costs	-	196	330	-	330
Miscellaneous	-	-	7	-	7
Total revenues	<u>85,510</u>	<u>152,738</u>	<u>1,016,503</u>	<u>15,160,283</u>	<u>16,176,786</u>
Administrative expenditures:					
SBOE fees	819	1,638	10,568	221,364	231,932
Professional services	206	264	8,025	100,142	108,167
Administration costs :					
Salaries and Benefits	463	926	12,915	147,493	160,408
Other	924	1,848	19,356	208,467	227,823
Other	17	25	3,591	25,362	28,953
Capital outlay	-	-	31	-	31
Environmental cleanup	712	829	7,171	295,033	302,204
Total expenditures	<u>3,141</u>	<u>5,530</u>	<u>61,657</u>	<u>997,861</u>	<u>1,059,518</u>
Net revenues	<u>\$ 82,369</u>	<u>\$ 147,208</u>	<u>\$ 954,846</u>	<u>\$ 14,162,422</u>	<u>\$ 15,117,268</u>
Bond revenues:					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 358,593	\$ 1,450,000	\$ 1,808,593
Interest revenue from bond proceeds	(337)	2,543	24,190	25,760	49,950
Interest revenue from debt service funds	1	1	39	54	93
Interest revenue from commercial paper	-	-	393	-	393
Total bond revenues	<u>(336)</u>	<u>2,544</u>	<u>383,215</u>	<u>1,475,814</u>	<u>1,859,029</u>
Financing expenditures and uses:					
Professional services	123	213	3,775	12,340	16,115
Bond debt principal	-	-	13,010	1,795,540	1,808,550
Bond debt and other interest expense	7	10,979	82,950	1,428,069	1,511,019
Total financing expenditures and uses	<u>130</u>	<u>11,192</u>	<u>99,735</u>	<u>3,235,949</u>	<u>3,335,684</u>
Net bond revenues (debt service)	<u>\$ (466)</u>	<u>\$ (8,648)</u>	<u>\$ 283,480</u>	<u>\$ (1,760,135)</u>	<u>\$ (1,476,655)</u>

Measure M2
Schedule of Revenues and Expenditures Summary
as of December 31, 2014
(Unaudited)

Project	Description	Net Revenues Program to Date Actual	Total Net Revenues	M2 Project Budget	Variance Total Net Revenues to M2 Project Budget	Expenditures through Dec 31, 2014	Reimbursements through Dec 31, 2014	Net Project Cost	Percent of Budget Expended
(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	
<i>(\$ in thousands)</i>									
Freeways (43% of Net Revenues)									
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 37,635	\$ 595,849	\$ 594,917	\$ 932	\$ 2,032	\$ 2	\$ 2,030	0.3%
B,C,D	I-5 Santa Ana/San Diego Freeway Improvements	94,905	1,502,554	1,281,015	221,539	46,927	11,684	35,243	2.8%
E	SR-22 Garden Grove Freeway Access Improvements	9,610	152,132	152,132	-	4	-	4	0.0%
F	SR-55 Costa Mesa Freeway Improvements	29,308	464,001	460,482	3,519	6,594	23	6,571	1.4%
G	SR-57 Orange Freeway Improvements	20,715	327,970	306,794	21,176	43,369	9,653	33,716	11.0%
H,I,J	SR-91 Riverside Freeway Improvements	72,764	1,152,017	1,140,298	11,719	36,018	6,510	29,508	2.6%
K,L	I-405 San Diego Freeway Improvements	111,505	1,765,361	860,092	905,269	23,899	873	23,026	2.7%
M	I-605 Freeway Access Improvements	1,602	25,355	25,355	-	454	16	438	1.7%
N	All Freeway Service Patrol	12,011	190,165	190,165	-	79	-	79	0.0%
	Freeway Mitigation	20,529	325,021	297,973	27,048	39,621	1,688	37,933	12.7%
	Subtotal Projects	410,584	6,500,425	5,309,223	1,191,202	198,997	30,449	168,548	
	Net (Bond Revenue)/Debt Service	-	-	1,191,202	(1,191,202)	21,849	-	21,849	
	Total Freeways	\$ 410,584	\$ 6,500,425	\$ 6,500,425	\$ -	\$ 220,846	\$ 30,449	\$ 190,397	25.7%
	%								
Street and Roads Projects (32% of Net Revenues)									
O	Regional Capacity Program	\$ 95,486	\$ 1,511,746	\$ 1,401,821	\$ 109,925	\$ 418,756	\$ 193,721	\$ 225,035	16.1%
P	Regional Traffic Signal Synchronization Program	38,193	604,671	604,391	280	11,630	1,257	10,373	1.7%
Q	Local Fair Share Program	171,872	2,721,108	2,721,108	-	152,111	77	152,034	5.6%
	Subtotal Projects	305,551	4,837,525	4,727,320	110,205	582,497	195,055	387,442	
	Net (Bond Revenue)/Debt Service	-	-	110,205	(110,205)	25,433	-	25,433	
	Total Street and Roads Projects	\$ 305,551	\$ 4,837,525	\$ 4,837,525	\$ -	\$ 607,930	\$ 195,055	\$ 412,875	55.7%
	%								

Measure M2
Schedule of Revenues and Expenditures Summary
as of December 31, 2014
(Unaudited)

Project	Description	Net Revenues Program to Date Actual	Total Net Revenues	M2 Project Budget	Variance Total Net Revenues to M2 Project Budget	Expenditures through Dec 31, 2014	Reimbursements through Dec 31, 2014	Net Project Cost	Percent of Budget Expended
(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	
<i>(\$ in thousands)</i>									
Transit Projects (25% of Net Revenues)									
R	High Frequency Metrolink Service	\$ 85,479	\$ 1,353,321	\$ 1,302,635	\$ 50,686	\$ 152,703	\$ 79,618	\$ 73,085	5.6%
S	Transit Extensions to Metrolink	84,291	1,334,505	1,253,265	81,240	1,874	775	1,099	0.1%
T	Metrolink Gateways	19,100	302,399	259,184	43,215	74,470	50,939	23,531	9.1%
U	Expand Mobility Choices for Seniors and Persons with Disabilities	28,642	453,465	453,465	-	25,266	17	25,249	5.6%
V	Community Based Transit/Circulators	19,092	302,265	302,265	-	672	64	608	0.2%
W	Safe Transit Stops	2,107	33,363	33,363	-	57	26	31	0.1%
	Subtotal Projects	238,711	3,779,318	3,604,177	175,141	255,042	131,439	123,603	
	Net (Bond Revenue)/Debt Service	-	-	175,141	(175,141)	14,796	-	14,796	
	Total Transit Projects	\$ 238,711	\$ 3,779,318	\$ 3,779,318	\$ -	\$ 269,838	\$ 131,439	\$ 138,399	18.7%
	%								
	Measure M2 Program	\$ 954,846	\$ 15,117,268	\$ 15,117,268	\$ -	\$ 1,098,614	\$ 356,943	\$ 741,671	

Measure M2
Schedule of Revenues and Expenditures Summary
as of December 31, 2014
(Unaudited)

Project	Description	Revenues Program to Date Actual	Total Revenues	M2 Project Budget	Variance Total Net Revenues to M2 Project Budget	Expenditures through Dec 31, 2014	Reimbursements through Dec 31, 2014	Net Project Cost	Percent of Budget Expended
(G)	(H.1)	(I.1)	(J)	(K)	(L)	(M)	(N)	(O)	
	Environmental Cleanup (2% of Revenues)								
X	Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 20,323	\$ 323,529	\$ 323,422	\$ 107	\$ 7,171	\$ 292	\$ 6,879	2.1%
	Net (Bond Revenue)/Debt Service	-	-	107	(107)	25	-	25	
	Total Environmental Cleanup %	\$ 20,323	\$ 323,529	\$ 323,529	\$ -	\$ 7,196	\$ 292	\$ 6,904	0.7%
	Taxpayer Safeguards and Audits								
	Collect Sales Taxes (1.5% of Sales Taxes) %	\$ 15,121	\$ 236,396	\$ 236,396	\$ -	\$ 10,568	\$ -	\$ 10,568	4.5%
	Oversight and Annual Audits (1% of Revenues) %	\$ 10,162	\$ 161,764	\$ 161,764	\$ -	\$ 12,915	\$ 2,753	\$ 10,162	6.3%

*Information
Items*



COMMITTEE TRANSMITTAL

December 8, 2014

To: Members of the Board of Directors

From: *WK*
Wendy Knowles, Clerk of the Board

Subject: Comprehensive Transportation Funding Programs Semi-Annual Review - September 2014

Regional Planning and Highways Committee Meeting of December 1, 2014

Present: Directors Donchak, Lalloway, Murray, Nelson, and Spitzer

Absent: Director Miller

Committee Vote

This item was passed by the Members present.

Committee Recommendation

Approve adjustments to the Comprehensive Transportation Funding Programs project allocations.



December 1, 2014

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Comprehensive Transportation Funding Programs Semi-Annual Review – September 2014

Overview

The Orange County Transportation Authority recently completed the semi-annual review of projects funded through the Comprehensive Transportation Funding Programs. This process reviews the status of Measure M and Measure M2 grant-funded projects and provides an opportunity for local agencies to update project information and request project modifications. Recommended project adjustments are presented for review and approval.

Recommendation

Approve adjustments to the Comprehensive Transportation Funding Programs project allocations.

Background

The Comprehensive Transportation Funding Programs (CTFP) is the mechanism the Orange County Transportation Authority (OCTA) uses to administer funding for street, road, signal, transit, and water quality projects. The CTFP contains a variety of funding programs and sources including Measure M (M1) revenues, Measure M2 (M2) revenues, and State-Local Partnership Program funds. The CTFP provides local agencies with a comprehensive set of guidelines for administration and delivery of various transportation funding grants. Consistent with the CTFP Guidelines, OCTA staff meets with representatives from local agencies to review the status of projects and proposed changes. This process is commonly referred to as the semi-annual review. The goals of the semi-annual review process are to review project status, determine the continued viability of projects, address local agency concerns, confirm the availability of local match funds, and ensure timely closeout of the M1 Streets and Roads Program.

Discussion

M1 Program Summary

Since 1991, OCTA has competitively awarded more than \$674.7 million in M1 funds to local agencies. These projects were programmed between fiscal years 1992-93 and 2010-11. Below is a summary of CTFP allocations using M1 funds.

M1 CTFP Summary

Project Status	March 2014		September 2014	
	Project Phases	Allocations*	Project Phases	Allocations* (after adjustments)
Started ¹	20	\$ 39.3	1	\$ 1.8
Pending ²	87	\$ 58.3	74	\$ 84.4
Completed ³	1,764	\$ 579.8	1,796	\$ 588.5
Total Allocations	1,871	\$ 677.4	1,871	\$ 674.7

* Allocations in millions of dollars.

Local agencies have made significant progress since the last review to deliver and closeout the M1 Streets and Roads Program. For example, 32 project phases were completed between March and September 2014, and only one project phase remains underway. In September, OCTA staff worked very closely with local agencies to receive final project reports for the remaining M1 projects and realized cost savings to the program. As a result, cumulative program savings is estimated to be \$38.27 million. Per Board of Directors (Board) policy, these funds will be directed to the competitively awarded projects that are selected through the M2 CTFP calls for projects (calls).

M2 Program Summary

Since the start of M2, OCTA has issued a number of calls and awarded \$237.2 million in competitive funds for the following programs: 1) M2 Regional Capacity Program (Project O), 2) Traffic Signal Synchronization Program (Project P), 3) Environmental Cleanup Program (Project X), and 4) Community Based Transit/Circulators (Project V). Below is a summary of CTFP allocations using M2. Additional details are provided in Attachment A.

1. Started indicates that the project is underway and the funds are obligated.
2. Pending indicates that the project work is completed and the final report submittal/approval is pending.
3. Completed indicates that the project work is complete, final report approved, and final payment has been made.

M2 CTFP Summary

Project Status	March 2014		September 2014	
	Project Phases	Allocations*	Project Phases	Allocations* (after adjustments)
Planned ¹	83	\$ 36.5	101	\$ 78.8
Started ²	126	\$ 130.7	140	\$ 131.8
Pending ³	20	\$ 3.9	25	\$ 7.9
Completed ⁴	49	\$ 6.8	67	\$ 18.7
Total Allocations	278	\$ 177.9	333	\$ 237.2

* Allocations in millions of dollars.

This semi-annual review captures \$4 million in project cancellations and \$93,964 in project savings. This review showed a substantial increase (\$42.3 million) in planned projects due to the April 2014 Board-approved calls, and \$15.7 million in delivered projects (pending and completed).

Project Adjustments

The September 2014 semi-annual review adjustments are itemized in Attachment A and described in Attachment B. The adjustments include two project delay requests, two scope change requests, three phase cancellations, and six timely use of funds extension requests. The Technical Advisory Committee approved the M2 requests for Board consideration on October 22, 2014.

Summary

The Orange County Transportation Authority has recently reviewed the status of grant-funded streets and roads projects funded through the Comprehensive Transportation Funding Programs. Staff recommends approval of the project adjustments requested by local agencies, including two project delay requests, two scope change requests, three phase cancellations, and six timely use of funds extension requests. The next semi-annual review is currently scheduled for March 2015.

1. Planned indicates that the funds have not been obligated and/or are pending contract award.
2. Started indicates that the project is underway and the funds are obligated.
3. Pending indicates that the project work is completed and the final report submittal/approval is pending.
4. Completed indicates that the project work is complete, final report approved, and final payment has been made.

Attachments

- A. Comprehensive Transportation Funding Programs - September 2014 Semi-Annual Review Adjustment Requests
- B. Comprehensive Transportation Funding Programs - September 2014 Semi-Annual Review Adjustment Request Descriptions

Prepared by:



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Measure M Local Programs
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Approved by:



Kurt Brotcke
Director, Strategic Planning
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**Comprehensive Transportation Funding Programs
September 2014 Semi-Annual Review Adjustment Requests**

Delay Request(s)									
Agency	Project Number	Project	Project Title	Phase	Allocation Amount	Current FY	Action Request	Proposed FY	
Lake Forest	13-LFOR-ECP-3690	Project X	Automatic Retractable Screen Catch Basin Retrofit Installation (Various Areas)	I	\$ 88,000	FY 2013-14	12 months	FY 14/15	
Stanton	13-STAN-ECP-3697	Project X	FY 2013-14 Citywide Catch Basin Project	I	\$ 120,000	FY 2013-14	12 months	FY 14/15	
					Delay(s) - Total Phase Allocations (2)	\$ 208,000			

Scope Change Request(s)									
Agency	Project Number	Program	Project Title	Phase	Fiscal Year	Current Allocation	Action Request	Proposed Allocation	
Lake Forest	14-LFOR-CBT-3744	Project V	Oakley Van Pool Service	I	FY 2013-14	\$ 78,844	Scope Change	\$ 78,844	
<p align="center"><i>Description:</i> Add additional 10 passenger van for Oakley Van Pool Service. No additional funding is required.</p>									
Villa Park	12-VPRK-ECP-3647	Project X	Catch Basin Debris Screens Installation (Various Areas)	I	FY 2012-13	\$ 97,000	Scope Change	\$ 97,000	
<p align="center"><i>Description:</i> Reduce total number of catch basin debris screens from 78 to 55 screens. Non-standard catch basins sizes increased costs. The project continues to mitigate the same pollutants and</p>									
					Scope Change(s) - Total Phase Allocations (2)	\$ 175,844			

**Comprehensive Transportation Funding Programs
September 2014 Semi-Annual Review Adjustment Requests**

Cancellation Request(s)									
Agency	Project Number	Program	Project Title	Phase	FY	Current Allocation	Action Request	Proposed Allocation	
Mission Viejo	11-MVJO-ACE-3536	Project O	La Paz Bridge and Road Widening (Muirland Boulevard to Chrisanta Drive)	C	FY 2014-15	\$ 2,550,646	Cancel	\$ -	
Santa Ana	13-SNTA-TSP-3672	Project P	Main Street Signal Synchronization (Taft Avenue to Sunflower Avenue)	I	FY 2013-14	\$ 1,272,106	Cancel	\$ -	
Santa Ana	13-SNTA-TSP-3672	Project P	Main Street Signal Synchronization (Taft Avenue to Sunflower Avenue)	M	FY 2013-14	\$ 78,400	Cancel	\$ -	
Cancellation(s) - Total Phase Allocations (3)						\$ 3,901,152		\$ -	

Timely Use of Funds Extension Request(s)									
Agency	Project Number	Program	Project Title	Phase	FY	Current Allocation	Action Request	Proposed Use Date	
Anaheim	11-ANAH-ACE-3503	Project O	Brookhurst Street Widening (Interstate 5 to State Route 91)	E	FY 2011-12	\$ 1,050,000	12 months	November 2015	
Anaheim	11-ANAH-TSP-3545	Project P	Lincoln Avenue Signal Synchronization (Knott Avenue to Imperial Highway)	M	FY 2012-13	\$ 37,791	24 months	July 2017	
Fullerton	11-FULL-ACE-3523	Project O	Bastanchury Road Widening (Harbor Boulevard to Fairway Isles Drive)	E	FY 2011-12	\$ 156,450	24 months	December 2016	

**Comprehensive Transportation Funding Programs
September 2014 Semi-Annual Review Adjustment Requests**

Timely Use of Funds Extension Request(s) (cont.)									
Agency	Project Number	Program	Project Title	Phase	FY	Current Allocation	Action Request	Proposed Use Date	
Fullerton	11-FULL-TSP-3550	Project P	Euclid Street Signal Synchronization (La Habra Boulevard to Ellis Avenue)	I	FY 2011-12	\$ 780,160	12 months	December 2015	
Laguna Hills	11-LHLL-ACE-3533	Project O	Paseo De Valencia (Kennington Drive to Laguna Hills Drive)	E	FY 2011-12	\$ 364,013	24 months	December 2016	
Santa Ana	11-SNTA-ACE-3542	Project O	Bristol Street Widening (Washington Avenue to 17th Street)	E	FY 2011-12	\$ 120,000	12 months	October 2015	
Timely Use of Funds Extension(s) - Total Phase Allocations (6)						\$ 2,508,414			

ABBREVIATIONS

C: Construction
E: Engineering
FY: Fiscal Year

I: Implementation
M: Maintenance and Monitoring

**Comprehensive Transportation Funding Programs
September 2014 Semi-Annual Review Adjustment Request Descriptions**

Project Delays

Local agencies may request a one-time delay, up to 24 months, to obligate funds. During this semi-annual review, two agencies are requesting project delays.

The City of Lake Forest is requesting a 12-month delay for the automatic retractable screen (ARS) catch basin retrofit installation (Phase III) (13-LFOR-ECP-3690). The project installs ARS units in various locations throughout the City of Lake Forest, primarily in the neighborhoods and industrial areas near El Toro Road and Interstate 5, and in the vicinity of Portola Parkway between Lake Forest Drive and Alton Parkway. The City of Lake Forest is requesting a 12-month delay because the original vendor selected is unable to supply the ARS units. Lake Forest is working with a new vendor and expects contract award in November 2014.

The City of Stanton is requesting a 12-month delay for the fiscal year 2013-14 Citywide Catch Basin Project (13-STAN-ECP-3697). The project targets 64 catch basins for ARS units, focusing on areas along Beach Boulevard and Cerritos Avenue. The City of Stanton had significant turnover in the Department of Public Works, but is still committed to completing the project. The City of Stanton expects to begin construction in April 2015.

Scope Changes

The City of Lake Forest is requesting a scope adjustment for the Oakley van pool service (14-LFOR-CBT-3744). This project is administered under Project V, Community Based Transit/Circulators. The current grant allows for two passenger vans; however, the program has been extremely popular and the City of Lake Forest is requesting an additional ten passenger van funded with grant savings.

The City of Villa Park is requesting a scope adjustment for the catch basin debris screen installation (various areas) (12-VPRK-ECP-3647). The project focuses on catch basins along Lemon Street, Center Drive, Serrano Avenue, and Santiago Boulevard. The City of Villa Park originally proposed the installation of 78 ARS units; however, due to non-standard catch basin sizes, retrofit costs increased and reduced the total number of ARS units to 55. The waterways and pollutants originally identified in the project application remain the same and no change in the allocation amount is recommended.

Comprehensive Transportation Funding Programs September 2014 Semi-Annual Review Adjustment Request Descriptions

Cancellations

Two cities are requesting cancellation of three project phases during this semi-annual review. One project cancellation contains two project phases.

The City of Mission Viejo is requesting cancellation of the La Paz Bridge and Road Widening Project (Muirlands Boulevard to Chrisanta Drive) (11-MVJO-ACE-3536). The City of Mission Viejo had difficulty meeting federal funding requirements and has exhausted delay avenues through the CTFP. CTFP funds lapse on June 30, 2015. The City of Mission Viejo intends to reapply for funding in the next CTFP call for projects.

The City of Santa Ana is requesting project cancellation for the Main Street Signal Synchronization Project (Taft Avenue to Sunflower Avenue) (13-SNTA-TSP-3672). The cancellation request is for both the implementation phase and maintenance and monitoring phase. Due to concerns from local businesses, the City of Santa Ana has decided not to move forward with the project at this time.

Timely Use of Funds Extensions

Once obligated, CTFP funds expire 36 months from the date of contract award. Per precept 20 in the 2014 CTFP Guidelines, local agencies may request extensions up to 24 months through the semi-annual review. During this semi-annual review, four agencies have submitted six timely use of funds extension requests.

The City of Anaheim has submitted two requests for the Brookhurst Street widening engineering phase (Interstate 5 to State Route 91) (11-ANAHA-ACE-3503) and the Lincoln Avenue signal synchronization maintenance and monitoring phase (Knott Avenue to Imperial Highway) (11-ANAHA-TSP-3545). The City of Anaheim is requesting a 12-month extension for the Brookhurst Street Widening Project in order to acquire appropriate encroachment permits from the California Department of Transportation (Caltrans). The City of Anaheim is requesting a 24-month use of funds extension for the Lincoln Avenue Signal Synchronization Project because the maintenance and monitoring phase was awarded in July 2012, along with the implementation phase. Due to delays with implementation, maintenance and monitoring will not be completed until September 2016.

The City of Fullerton is requesting use of funds extensions for the Bastanchury Road Widening engineering phase (Harbor Boulevard to Fairway Isles Drive) (11-FULL-ACE-3523) and the Euclid Street signal synchronization implementation phase (La Habra Boulevard to Ellis Avenue) (11-FULL-TSP-3550). On Bastanchury Road, a portion of the project is within Army Corps of Engineers (Corps) right-of-way. Plans were submitted to the Corps in September 2013, and the City of Fullerton has not received comments or plans approval. Design review began in August 2014, and City of Fullerton

**Comprehensive Transportation Funding Programs
September 2014 Semi-Annual Review Adjustment Request Descriptions**

staff is pursuing options to accelerate this process. The project will also require permits from the Department of Fish and Game, Regional Water Quality Control Board, and National Environmental Policy Act approval. Therefore, the City of Fullerton is requesting a 24-month use of funds extension for this project. In addition, the City of Fullerton is requesting a 12-month extension for the Euclid Street signal synchronization implementation phase (La Habra Boulevard to Ellis Avenue) (11-FULL-TSP-3550). The project encountered delays in receiving appropriate permits from Caltrans. The City of Fullerton expects the work to be completed by the end of the year and within the three-year use of funds provisions; however, any delay in the schedule could jeopardize CTFP project funding.

The City of Laguna Hills is requesting a 24-month use of funds extension for the Paseo De Valencia widening engineering phase (Kennington Drive to Laguna Hills Drive) (11-LHLL-ACE-3533). During preparation of the Initial Study Mitigated Negative Declaration, the City of Laguna Hills determined that an environmental impact report was required for the project.

The City of Santa Ana is requesting a 12-month extension for the Bristol Street widening engineering phase (Washington Avenue to 17th Street) (11-SNTA-ACE-3542). The City of Santa Ana is currently negotiating property acquisitions with several owners and may complete additional design work based on the outcome of right-of-way negotiations.



COMMITTEE TRANSMITTAL

December 8, 2014

To: Members of the Board of Directors

From: *WK*
Wendy Knowles, Clerk of the Board

Subject: Measure M2 Environmental Mitigation Program Update

Regional Planning and Highways Committee Meeting of December 1, 2014

Present: Directors Donchak, Lalloway, Murray, Nelson, and Spitzer

Absent: Director Miller

Committee Vote

This item was passed by the Members present.

Committee Recommendation

Receive and file as an information item.



December 1, 2014

To: Regional Planning and Highways Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Measure M2 Environmental Mitigation Program Update

Overview

Measure M2 includes a program to deliver comprehensive mitigation for the environmental impacts of freeway projects in exchange for streamlined project approvals from the state and federal resources agencies. To date, the program has acquired a number of open space properties and provided funding for habitat restoration projects. A status report, including upcoming activities and next steps, is presented.

Recommendation

Receive and file as an information item.

Background

Measure M2 (M2) includes an innovative environmental mitigation program. Biological impacts from the 13 M2 freeway projects are addressed through a consolidated plan rather than a piecemeal project-by-project effort. In exchange, state and federal resources agencies (consisting of the California Department of Fish and Wildlife [CDFW] and the United States Fish and Wildlife Service [USFWS]) agreed to streamline the permitting process and entered into a master agreement for these projects. The goal of this program is to deliver more effective mitigation while expediting delivery of M2 freeway improvements.

The Environmental Mitigation Program (Mitigation Program) was launched in fall 2007 with the creation of the Environmental Oversight Committee (EOC). The EOC provides guidance on program design and funding recommendations for consideration and approval by the Board of Directors (Board).

The EOC consists of representatives of the Orange County Transportation Authority (OCTA) Board, resources agencies, environmental stakeholders, and public members as per the M2 Ordinance.

During the early years of the program, OCTA entered into an agreement with the California Department of Transportation and the resources agencies to establish the roles and responsibilities of the respective agencies. The Board then developed policy to guide implementation, which included:

- Development of evaluation criteria used to rank the acquisition properties and restoration projects based on conservation/biological value;
- Property acquisition and habitat restoration to address diverse mitigation needs (Attachment A);
- A voluntary property acquisition process with offers based on an appraisal of the selected properties;
- Identification of long-term property management and maintenance costs as part of the evaluation of property acquisitions or restoration projects;
- Consideration of public access, where appropriate, as a co-benefit when evaluating properties for acquisition or restoration;
- Planning for the transition of long-term property management and maintenance responsibilities to an agency or entity other than OCTA;
- Integration of the acquired properties (Preserves) and restoration projects into the Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP) to obtain maximum assurances from CDFW and USFWS on the permitting process;
- Integration of the Preserves and some of the restoration projects into the regulatory permitting process with the State Water Resources Control Board (SWRCB) and the United States Army Corps of Engineers (Corps) (Sections 401 and 404 of the Clean Water Act).

The estimated revenue forecast for this program is approximately \$300 million over the life of the sales tax measure. To date, OCTA has committed approximately \$160 million of the program revenue towards a number of major activities, including:

- Debt financing for early property acquisition;
- Acquisition of six open space properties/Preserves totaling 1,150 acres;
- Preparation of resource management plans (RMPs) for the Preserves to outline management responsibilities;
- Integrating the Preserves into the NCCP/HCP;
- Funding for habitat restoration projects (11 to date);
- Funding for interim and long-term land management efforts;

- Preparation of a draft NCCP/HCP and a draft environmental impact report/environmental impact statement (DEIR/EIS); Community outreach including hiking and equestrian tours to introduce the public to the Mitigation Program, as well as future opportunities for tours in 2015;
- Preparation of technical documents in order to comply with regulatory permit requirements pursuant to Sections 401 and 404 of the Clean Water Act for the M2 freeway projects.

OCTA's commitment to this program and collaborative work with the resources agencies and environmental stakeholders has contributed to the advancement of the M2 freeway projects.

Discussion

Milestones for the Mitigation Program between June and December 2014 include: 1) release of the NCCP/HCP and DEIR/EIS for public review; 2) activities related to property acquisition/restoration 3) establishing endowment parameters for land management; and 4) determining future funding priorities.

The NCCP/HCP identifies conservation strategies and mitigation measures, as well as the long-term management requirements of the Preserves. A DEIR/EIS has also been prepared for the NCCP/HCP. The public release of the NCCP/HCP and the associated DEIR/EIS occurred in November 2014 with a 90-day public comment period. This process provides an opportunity to gather feedback from stakeholders and address public concerns. The stakeholders were notified of the public release and community meetings (scheduled for November 20 and December 3, 2014), and all of the documents are available online.

The NCCP/HCP mitigation commitments will also be utilized to help satisfy the regulatory requirements for federal and state jurisdictional waters and wetlands. The Corps and the SWRCB (regulatory agencies) will issue permits, pursuant to the state and federal Clean Water Acts, for the construction of the M2 freeway projects. This is a separate, but equally important, process in streamlining the delivery of the M2 freeway projects.

In conjunction with the preparation of the NCCP/HCP, RMPs are being developed for each of the Preserves. These plans outline how the responsibilities to manage the biological resources of the Preserves will be carried out while considering compatible limited public access. It is important to note that the Preserves must be managed consistent with the goals and objectives outlined in the NCCP/HCP. The intent is to provide guidance for the ongoing protection and preservation of the natural resources found within each

Preserve. The CDFW and USFWS require and approve the RMPs based on NCCP/HCP consistency, as well as the protection of the Preserves' resources. Typically, the RMPs are not required to be prepared until the NCCP/HCP is approved; however, recognizing the importance of public access, five of six RMPs are being prepared now in parallel with the NCCP/HCP and DEIR/EIS to expedite this process. The RMP for the newly acquired MacPherson Preserve will be developed once the biological baseline surveys are completed for that property. The RMPs will address fire protection issues, accommodate, where feasible, safe public access of the Preserves, and will outline the management and monitoring criteria for each property. Concurrent with this process, revenues will be needed to address the long-term management of the Preserves. The CDFW and USFWS do not require the RMPs to be released to the public for review; however, OCTA will circulate these documents for public input.

The Board-approved M2-funded restoration projects (Attachment B) also provide mitigation credits to compensate for construction impacts anticipated from the 13 freeway projects. The projects are being implemented by project sponsors (various cities and non-profit entities) within Orange County. A number of these projects have received resources and regulatory agency approvals and are well underway. Some of these project sponsors are still in the planning phase. OCTA staff and OCTA consultants are continuing to assist project sponsors through this necessary compliance process.

In October 2014, the Board approved a non-wasting endowment target of approximately \$34.5 million in accordance with the July 2, 2014 EOC recommendations on endowment funding. This commitment demonstrates to the resources agencies that OCTA has the financial capacity to fund the management of the Preserves that are integrated into the NCCP/HCP.

Looking ahead, staff will need to develop appropriate investment parameters, reporting, and accounting standards for the endowment. This will be vetted through the EOC, the Finance and Administration Committee, and ultimately the Board in 2015. Concurrently, staff has been directed to work with other entities which own mitigation lands to identify and recommend comprehensive land management strategies. This approach has the potential to maximize economy of scale and management effectiveness for various entities that have mitigation lands for which the long-term management responsibility may not necessarily align with each entity's core mission.

Once the NCCP/HCP and DEIR/EIS process is complete, OCTA staff will focus on developing a strategy and criteria for a long-term land manager(s), as well as executing conservation easements on the Preserves. Staff will also

continue to monitor the activities of interim and future long-term land managers. In addition, coordination will continue with the regulatory agencies to obtain the necessary permits and ensure continued compliance.

Summary

Measure M2 includes an Environmental Mitigation Program that provides funding for programmatic mitigation to off-set impacts of the 13 freeway projects. To expedite the delivery of the freeway projects, this program was initiated in 2007 to implement early project mitigation through property acquisition and habitat restoration. The program will be administered through a Natural Community Conservation Plan/Habitat Conservation Plan that is in the final stages of completion. An overview of the progress to date and the upcoming milestones is provided for Board of Directors' review and information.

Attachments

- A. Acquired Properties and Funded Restoration Projects
- B. Orange County Transportation Authority Environmental Mitigation Program Restoration Projects

Prepared by:

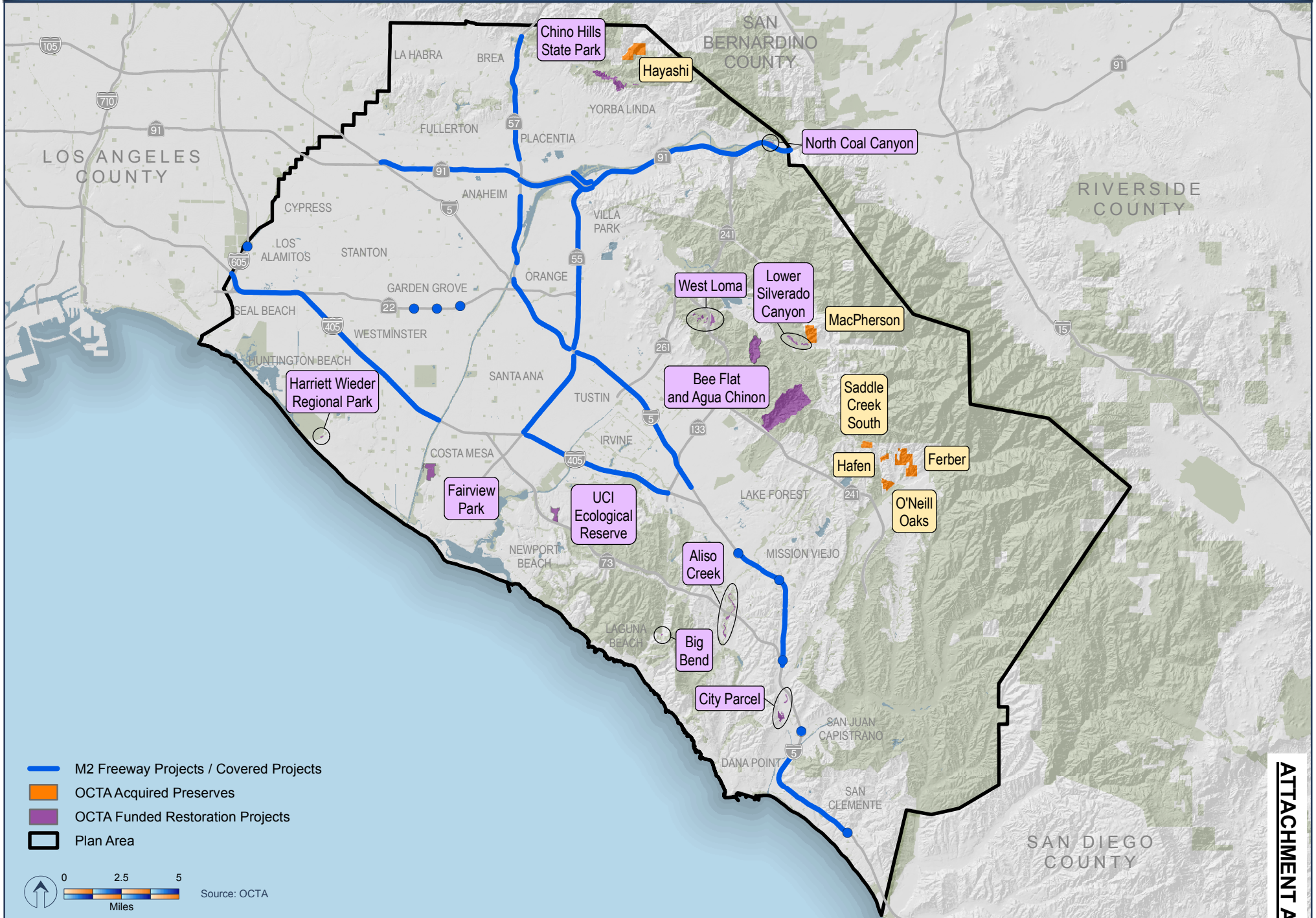
Dan Phu
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Programs
(714) 560-5907

Approved by:

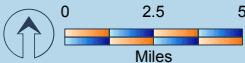
KURT BROICKE
Director, Strategic Planning
(714) 560-5742



Acquired Properties and Funded Restoration Projects



- M2 Freeway Projects / Covered Projects
- OCTA Acquired Preserves
- OCTA Funded Restoration Projects
- Plan Area



Source: OCTA

ATTACHMENT A

Orange County Transportation Authority Environmental Mitigation Program Restoration Projects

Restoration Projects	Sponsors	Cost	Approximate Acreage	Geographic Area	Targeted Habitat Types
City Parcel	City of San Juan Capistrano	\$1,500,000	53	San Juan Capistrano	Riparian corridor, upland coastal sage scrub (CSS), oak woodland, and native grassland
Fairview Park	City of Costa Mesa	\$2,000,000	23	Costa Mesa	Wetlands, native grassland, CSS, willow scrub, oak woodland
Irvine Ranch	The New Irvine Ranch Conservancy	\$1,450,000	94.9	Irvine	Chaparral, CSS, coast live oak/sycamore, oak woodland, native grassland, and riparian
UCI Ecological Reserve	Nature Reserve of Orange County	\$325,000	8.5	Irvine	Cactus scrub
Big Bend	Laguna Canyon Foundation	\$87,500	3.7	Laguna Beach	Upland CSS, riparian woodland
Aliso Creek	Laguna Canyon Foundation	\$1,105,000	55	Laguna Niguel	Riparian
Chino Hills State Park	California Department of Parks and Recreation	\$193,000	21	Yorba Linda	Willow riparian, oak-walnut woodland, cactus scrub
Harriett Weider Regional Park	Bolsa Chica Conservancy	\$475,000	8.2	Huntington Beach	Native grassland, CSS, riparian
Lower Silverado Canyon	The New Irvine Ranch Conservancy	\$1,399,580	44	County of Orange	Riparian
North Coal Canyon	California Department of Parks and Recreation	\$247,500	5.5	Yorba Linda	Riversidian alluvial fan CSS
West Loma	The New Irvine Ranch Conservancy	\$1,296,000	80	County of Orange	Scrub, riparian
		\$10,078,580			



COMMITTEE TRANSMITTAL

January 12, 2015

To: Members of the Board of Directors
From: Laurena Weinert, Clerk of the Board
Subject: Financial and Compliance Audits of Ten Measure M Competitive Funding Program Projects

Finance and Administration Committee Meeting of December 10, 2014

Present: Directors Hennessey, Jones, Lalloway, Moorlach, and Spitzer
Absent: Directors Pulido and Ury

Committee Vote

This item was passed by the Members present.

Director Jones was not present to vote on this item.

Committee Recommendation

Receive and file financial and compliance audits of eight Measure M Combined Transportation Funding Program projects and two Measure M2 Comprehensive Transportation Funding Program projects.



December 10, 2014

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Financial and Compliance Audits of Ten Measure M Competitive Funding Program Projects

Overview

Audits have been completed of eight projects funded through the Measure M Combined Transportation Funding Program and two projects funded through the Measure M2 Comprehensive Transportation Funding Program. The audits were performed by external audit firm BCA Watson Rice LLP.

For three Measure M projects, the auditors found that final reports were not submitted within 180 days of project completion, as required by program guidelines. The auditors recommended, for future projects, that final reports be submitted timely.

Recommendation

Receive and file financial and compliance audits of eight Measure M Combined Transportation Funding Program projects and two Measure M2 Comprehensive Transportation Funding Program projects.

Background

Measure M (M1) and Measure M2 (M2) allocate revenues for local and regional streets and roads projects. The M1 Combined Transportation Funding Programs (M1 CTFP) and M2 Comprehensive Transportation Funding Program (M2 CTFP) are the mechanisms the Orange County Transportation Authority uses to administer funding for street and road projects throughout the County.

The Fiscal Year 2013-14 Internal Audit Plan included M1 CTFP and M2 CTFP project audits. The Internal Audit Department (Internal Audit) engaged external

audit firm BCA Watson Rice LLP (BCA) to conduct audits of ten projects closed during the period July 1, 2012 through March 31, 2014.

Discussion

Selection of Projects

Internal Audit obtained from the Planning Division a listing of all projects closed from July 1, 2012 through March 31, 2014. From this population, Internal Audit selected ten projects for audit.

Statistics for the population of projects closed and the sample selected for audit are as follows:

Total final payments of projects in population:	\$ 88,293,924
Total final payments of projects selected for audit:	27,343,542
Percentage selected for audit:	31%

Audit Results for M1 Projects

Auditors found that costs charged to the project were reasonable, allocable and adequately supported, records and documentation were adequately maintained, jurisdictions complied with competitive contracting requirements, and adequate accounting and cash management procedures were employed. With regard to completion of projects within program guidelines, auditors found that the cities of Buena Park, Garden Grove, and Orange did not submit final reports within 180 days of the project completion date, as required by the program guidelines. The cities responded that, in the future, final reports will be submitted timely (Attachments A, B, and C).

Audit Results for M2 Projects

The auditors found that projects were completed in accordance with program guidelines and agreements, costs charged to the project were reasonable, allocable and adequately supported, records and documentation were adequately maintained, jurisdictions complied with competitive contracting requirements, and adequate accounting and cash management procedures were employed.

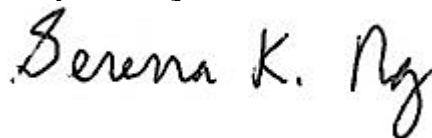
Summary

Audits have been completed of eight projects funded through the M1 CTFP and two projects funded through the M2 CTFP. External auditor BCA recommended that final reports be submitted within 180 days of project completion as required by program guidelines.

Attachments

- A. Combined Transportation Funding Program Financial and Compliance Audit, City of Buena Park, Beach Boulevard/SR-91 Eastbound Ramps Widening Project (Construction), Project No. 05-BPRK-RIP-2656
- B. Combined Transportation Funding Program Financial and Compliance Audit, City of Garden Grove, Fairview Street/Trask Avenue Intersection Improvements Project (Construction), Project No. 03-GGRV-IIP-1104
- C. Combined Transportation Funding Program, Financial and Compliance Audit, City of Orange, East Chapman Traffic Signal Coordination Project (Construction), Project No. 05-ORNG-GMA-2566
- D. Combined Transportation Funding Program Financial and Compliance Audit, City of Anaheim, Katella Avenue (Humor to Jean) Project (Engineering and Construction), Project No. 03-ANAH-MPH-2004
- E. Combined Transportation Funding Program Financial and Compliance Audit, City of Fullerton, Malvern Avenue Signal Improvement Project (Construction), Project No. 05-FULL-SIP-2535
- F. Combined Transportation Funding Program, Financial and Compliance Audit, City of La Habra, Imperial Highway (LAC to SAC)/Imperial Highway Smart Street Project (Engineering, Right-of-Way, and Construction), Project No. 05-LHAB-MPH-2608
- G. Combined Transportation Funding Program Financial and Compliance Audit, City of Laguna Woods, Santa Maria Multi-Modal Project (Engineering and Construction), Project No. 08-LWDS-TDM-3039
- H. Combined Transportation Funding Program Financial and Compliance Audit, County of Orange, Laguna Canyon Road Project (Construction), Project No. 99-ORCO-MPAH-1048
- I. Comprehensive Transportation Funding Program Financial and Compliance Audit, City of Aliso Viejo, Storm Water Litter Control Phase II Project (Implementation), Project No. 12-ALSO-ECP-3603
- J. Comprehensive Transportation Funding Program Financial and Compliance Audit, City of Mission Viejo, Oso Parkway Widening: Interstate 5 to Country Club Drive Project (Right-of-Way), Project No. 11-MVJO-ACE-3537

Prepared by:



Serena Ng
Principal Internal Auditor
714-560-5938

Approved by:



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

***ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY***

**Combined Transportation Funding Program
Financial and Compliance Audit**

**City of Buena Park
Beach Boulevard/SR-91 Eastbound Ramps Widening Project
(Construction)
Project No. 05-BPRK-RIP-2656**

Submitted by

BCA Watson Rice LLP

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**COMBINED TRANSPORTATION FUNDING PROGRAM
FINANCIAL AND COMPLIANCE AUDIT**

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL AND COMPLIANCE AUDIT

Board of Directors
Orange County Local Transportation Authority
Orange, California

We have completed our financial and compliance audit of the Beach Boulevard/SR-91 Eastbound Ramps Widening Project (the Project) of the City of Buena Park (the City), Project Number 05-BPRK-RIP-2656 awarded by the Orange County Local Transportation Authority (OCLTA) under the Combined Transportation Funding Program (CTFP). The objectives of this audit were to determine whether 1) costs charged to the project were reasonable and allocable, 2) the City complied with competitive contracting requirements, 3) the City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project and were tracked separately within the accounting system, 4) the project was completed in accordance with the CTFP agreement, and 5) all records and documentation related to the project were adequately maintained.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS IN BRIEF

We found that:

- Costs charged to the project were reasonable, allocable, and adequately supported.
- The City has a competitive procurement procedure in place for the selection of contractors, and adhered to this procedure for the selection of contractors under the project.
- The City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project.
- The project was completed in accordance with the CTFP agreement.
- The City established and maintained a separate cost center for the project.
- The City did not submit the Final Report to OCLTA within 180 days of the project completion date and did not include a revised cost estimate, as required by CTFP guidelines.

BACKGROUND

The Orange County Local Transportation Authority funded \$424,617 under Project No. 05-BPRK-RIP-2656 to the City under the Regional Interchange Program. The project was to widen the SR-91 eastbound on-ramp to a two-lane metered ramp to improve the mobility along the Beach Boulevard corridor. The costs incurred for the project totaled \$1,258,892 of which \$550,972 was funded by the CTFP (\$424,617 under Project No. 05-BPRK-RIP-2656 and \$126,355 under Project No. 08-BPRK-GMA-3050) and \$707,920 was funded by the City. The project began on June 17, 2008 and was completed on June 26, 2012 (See Attachment A for detailed results).

PROCEDURES PERFORMED

We performed the following procedures:

1. We reviewed the project agreement to obtain an understanding of the project and CTFP requirements.
2. We obtained and reviewed project contract files to identify contract provisions, verify evidence of competitive bid procedures, reviewed contractor invoices, payments, and change order documents, and to identify the date of contract completion.
3. We identified fund accounting procedures used by the City to account for Measure M revenues and expenditures.
4. We reviewed project records to determine that proper accounting and cash management procedures were followed.
5. We obtained a detail listing of the project's expenditures and judgmentally selected a sample for review. For the sample selected, we determined whether the expenditures were properly supported, approved, recorded, and consistent with the approved budget and in accordance with the contract and/or CTFP requirements.
6. For work performed by local agency personnel, we reviewed documents to determine if the decision that local agency personnel could perform the work most cost effectively or more timely than a contractor was documented in accordance with CTFP guidelines.
7. We reviewed project expenditures to determine that the project was completed in accordance with the CTFP application.

DETAILED RESULTS

Our audit disclosed the following:

Project Costs and Contractor Documentation

The City of Buena Park incurred costs totaling \$1,258,892 for the project, of which \$732,124 was for the construction phase of the project and \$526,768 was for all other phases (design, engineering, testing, and inspection) of the project. Of the \$732,124 total construction costs, \$723,984 was for construction work performed by Hill Crest Contractor, \$2,600 was for construction work performed by Pilgrime Fence Company, and \$5,540 was for construction work performed by Cross Town Electric. The project funding consisted of CTFP funds from OCLTA totaling \$550,972 (\$424,617 under Project No. 05-BPRK-RIP-2656 and \$126,355 under Project No. 08-BPRK-GMA-3050) and \$707,920 from the City's other funds. We found that all costs charged to the project were reasonable, allocable, and adequately supported.

Compliance with Competitive Contracting Requirements

We reviewed documentation provided by the City evidencing that competitive contracting requirements were complied with.

Accounting and Cash Management Procedures

The City established adequate controls to ensure that project funds were used only for approved project costs. All costs charged to the project were reviewed and approved by the City Engineer.

Project Completion and Final Report

The project was completed on June 26, 2012 and the final report was submitted to OCLTA by the City on July 13, 2013, which is 382 days after the project completion date and over five years from the date in which the funds were originally programmed. OCLTA's CTFP guidelines require that the City submit a final report to OCLTA within 180 days after the acceptance of the improvements, study, or project (i.e., Notice of Completion) by the City Council or within three years from the date in which the funds were originally programmed.

Recommendation

We recommend for future projects, the City submit Final Reports to OCLTA within 180 days after the project has been completed, as required by CTFP guidelines.

City's Response

Moving forward with future CTFP projects, the City will submit Final Report within 180 days as stated in the CTFP guideline.

Separate Project Fund

The City recorded costs of the project in the State Gas Tax Fund (24). The City tracked the project by using a separate cost center (590068) within the State Gas Tax Fund.

LIMITATIONS AND RESTRICTIONS

This report is intended solely for the information and use of management and the Board of Directors of the Orange County Local Transportation Authority and the City of Buena Park and is not intended to be and should not be used by anyone other than these specified parties.

BCA Watson Rice, LLP

Torrance, California
July 22, 2014

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
 COMBINED TRANSPORTATION FUNDING PROGRAM

SCHEDULE OF PROJECT COSTS

Cooperative No.: C-95-967
Agency: City of Buena Park
Project Title: Beach Boulevard/SR-91 Eastbound Ramps Widening Project
Project Status: Completed

<u>Project Number</u>	<u>CTFP Funding Provided</u>	<u>Matching¹ Required</u>	<u>Total Funds CTFP + Match</u>	<u>Costs² Incurred</u>	<u>Unused Fund Balance</u>	<u>Questioned Costs</u>
05-BPRK-RIP-2656	\$ 424,617	\$ 629,446	\$ 1,054,063	\$ 1,258,892	\$ -	\$ -

¹ A matching requirement of 50% of total project costs was required and met by the City.

² The costs include costs incurred on this project and Project No. 08-BPRK-GMA-3050.

***ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY***

**Combined Transportation Funding Program
Financial and Compliance Audit**

**City of Garden Grove
Fairview Street/Trask Avenue Intersection Improvements Project
(Construction)
Project No. 03-GGRV-IIP-1104**

Submitted by

BCA Watson Rice LLP

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**COMBINED TRANSPORTATION FUNDING PROGRAM
FINANCIAL AND COMPLIANCE AUDIT**

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL AND COMPLIANCE AUDIT

Board of Directors
Orange County Local Transportation Authority
Orange, California

We have completed our financial and compliance audit of the Fairview Street/Trask Avenue Intersection Improvements Project (the Project) of the City of Garden Grove (the City), Project Number 03-GGRV-IIP-1104 awarded by the Orange County Local Transportation Authority (OCLTA) under the Combined Transportation Funding Program (CTFP). The objectives of this audit were to determine whether 1) costs charged to the project were reasonable and allocable, 2) the City complied with competitive contracting requirements, 3) the City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project and were tracked separately within the accounting system, 4) the project was completed in accordance with the CTFP agreement, and 5) all records and documentation related to the project were adequately maintained.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS IN BRIEF

We found that:

- Costs charged to the project were reasonable, allocable, and adequately supported.
- The City has a competitive procurement procedure in place for the selection of contractors, and adhered to this procedure for the selection of contractors under the project.
- The City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project.
- The project was completed in accordance with the CTFP agreement.
- The City established and maintained a separate cost center for the project.
- The City did not submit the Final Report to OCLTA within 180 days of the project completion date as required by CTFP guidelines.

BACKGROUND

The Orange County Local Transportation Authority funded \$445,640 under Project No. 03-GGRV-IIP-1104 to the City under the Intersection Improvement Program. The project was to widen the westerly side of Fairview Street to add a southbound through lane and a southbound right turn lane at its intersection with Trask Avenue to enhance traffic flow at the intersection. The costs incurred for the project totaled \$2,630,775 of which \$1,381,289 was funded by the CTFP (\$445,640 under Project No. 03-GGRV-IIP-1104 for Construction and \$935,649 under Project No. 03-GGRV-IIP-1104 for Right of Way) and \$1,249,486 was funded by the City. The project began on June 8, 2010 and was completed on August 23, 2011 (See Attachment A for detailed results).

PROCEDURES PERFORMED

We performed the following procedures:

1. We reviewed the project agreement to obtain an understanding of the project and CTFP requirements.
2. We obtained and reviewed project contract files to identify contract provisions, verify evidence of competitive bid procedures, reviewed contractor invoices, payments, and change order documents, and to identify the date of contract completion.
3. We identified fund accounting procedures used by the City to account for Measure M revenues and expenditures.
4. We reviewed project records to determine that proper accounting and cash management procedures were followed.
5. We obtained a detail listing of the project's expenditures and judgmentally selected a sample for review. For the sample selected, we determined whether the expenditures were properly supported, approved, recorded, and consistent with the approved budget and in accordance with the contract and/or CTFP requirements.
6. For work performed by local agency personnel, we reviewed documents to determine if the decision that local agency personnel could perform the work most cost effectively or more timely than a contractor was documented in accordance with CTFP guidelines.
7. We reviewed project expenditures to determine that the project was completed in accordance with the CTFP application.

DETAILED RESULTS

Our audit disclosed the following:

Project Costs and Contractor Documentation

The City of Garden Grove incurred costs totaling \$2,630,775 for the project, of which \$698,749 was for the construction phase of the project and \$1,932,026 was for the right-of-way phase of the project. Of the \$698,749 total construction costs, \$553,590 was for construction work performed by RJ Noble Company, \$40,692 was for professional consultant costs for surveying, soil testing/geotechnical, and inspecting, and \$104,467 was for engineering and administrative labor costs incurred by the City. The project funding consisted of CTFP funds from OCLTA of \$1,381,289 (\$445,640 under Project No. 03-GGRV-IIP-1104 Construction and \$935,649 under Project No. 03-GGRV-IIP-1104 Right-of-Way) and \$1,249,486 from the City's other funds. We found that all costs charged to the project were reasonable, allocable, and adequately supported.

Compliance with Competitive Contracting Requirements

We reviewed documentation provided by the City evidencing that competitive contracting requirements were complied with.

Accounting and Cash Management Procedures

The City established adequate controls to ensure that project funds were used only for approved project costs. All costs charged to the project were reviewed and approved by the City Engineer.

Project Completion and Final Report

The project was completed on August 23, 2011 and the final report was submitted to OCLTA by the City on September 21, 2012, which is 364 days after the project completion date. OCLTA's CTFP guidelines require that the City submit a final report to OCLTA within 180 days after the acceptance of the improvements, study, or project (i.e., Notice of Completion) by the City Council or within three years from the date in which the funds were originally programmed.

Recommendation

We recommend for future projects, the City submit Final Reports to OCLTA within 180 days after the project has been completed as required by CTFP guidelines.

City's Resp on se

We acknowledge that the project in question was submitted for final reporting beyond the CTFP 180-day completion deadline and therefore was considered late.

For current and future projects, we will make our best effort to submit Final Reports to OCLTA within 180 days after the project has been completed as required by CTFP guidelines.

Separate Project Fund

The City recorded costs of the project in the Measure M Regional CTFP Fund. The City tracked the project by using a separate cost center (7255) within the Measure M Regional CTFP Fund.

LIMITATIONS AND RESTRICTIONS

This report is intended solely for the information and use of management and the Board of Directors of the Orange County Local Transportation Authority and the City of Garden Grove and is not intended to be and should not be used by anyone other than these specified parties.

BCA Watson Rice, LLP

Torrance, California
August 6, 2014

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
 COMBINED TRANSPORTATION FUNDING PROGRAM

SCHEDULE OF PROJECT COSTS

Cooperative No.: C-95-974
Agency: City of Garden Grove
Project Title: Fairview Street/Trask Avenue Intersection Improvements Project
Project Status: Completed

<u>Project Number</u>	<u>CTFP Funding Provided</u>	<u>Matching¹ Required</u>	<u>Total Funds CTFP + Match</u>	<u>Costs² Incurred</u>	<u>Unused Fund Balance</u>	<u>Questioned Costs</u>
03-GGRV-IIP-1104	\$ 445,640	\$ 789,232	\$ 1,234,872	\$ 2,630,775	\$ -	\$ -

¹ A matching requirement of 30% of total project costs was required and met by the City.

² Costs incurred on this project include costs of both construction and right-of-way phases.

***ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY***

**Combined Transportation Funding Program
Financial and Compliance Audit**

**City of Orange
East Chapman Traffic Signal Coordination Project
(Construction)
Project No. 05-ORNG-GMA-2566**

Submitted by

BCA Watson Rice LLP

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**COMBINED TRANSPORTATION FUNDING PROGRAM
FINANCIAL AND COMPLIANCE AUDIT**

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL AND COMPLIANCE AUDIT

Board of Directors
Orange County Local Transportation Authority
Orange, California

We have completed our financial and compliance audit of the East Chapman Traffic Signal Coordination Project (the Project) of the City of Orange (the City), Project Number 05-ORNG-GMA-2566 awarded by the Orange County Local Transportation Authority (OCLTA) under the Combined Transportation Funding Program (CTFP). The objectives of this audit were to determine whether 1) costs charged to the project were reasonable and allocable, 2) the City complied with competitive contracting requirements, 3) the City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project and were tracked separately within the accounting system, 4) the project was completed in accordance with the CTFP agreement, and 5) all records and documentation related to the project were adequately maintained.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS IN BRIEF

We found that:

- Costs charged to the project were reasonable, allocable, and adequately supported.
- The City has a competitive procurement procedure in place for the selection of contractors, and adhered to this procedure for the selection of contractors under the project.
- The City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project.
- The project was completed in accordance with the CTFP agreement.
- The City established and maintained a separate cost center for the project.
- The City did not submit the Final Report to OCLTA within 180 days of the project completion date, as required by CTFP guidelines.

BACKGROUND

The Orange County Local Transportation Authority funded \$358,947 under Project No. 05-ORNG-GMA-2566 to the City under the Growth Management Areas Program. The project was part of the implementation of the City's Traffic Signal Network to improve operation of traffic signals and enhance traffic flow. The total costs incurred for the project totaled \$648,360 of which \$613,054 was funded by the CTFP (\$358,947 under Project No. 05-ORNG-GMA-2566, \$203,619 under Project No. 05-ORNG-SIP-2023, \$20,000 under Project No. 05-ORNG-GMA-2725, and \$30,488 under Project No. 08-ORNG-GMA-3014) and \$35,306 was funded by the City. The project began on September 26, 2009 and was completed on April 24, 2012. (See Attachment A for detailed results).

PROCEDURES PERFORMED

We performed the following procedures:

1. We reviewed the project agreement to obtain an understanding of the project and CTFP requirements.
2. We obtained and reviewed project contract files to identify contract provisions, verify evidence of competitive bid procedures, reviewed contractor invoices, payments, and change order documents, and to identify the date of contract completion.
3. We identified fund accounting procedures used by the City to account for Measure M revenues and expenditures.
4. We reviewed project records to determine that proper accounting and cash management procedures were followed.
5. We obtained a detail listing of the project's expenditures and judgmentally selected a sample for review. For the sample selected, we determined whether the expenditures were properly supported, approved, recorded, and consistent with the approved budget and in accordance with the contract and/or CTFP requirements.
6. For work performed by local agency personnel, we reviewed documents to determine if the decision that local agency personnel could perform the work most cost effectively or more timely than a contractor was documented in accordance with CTFP guidelines.
7. We reviewed project expenditures to determine that the project was completed in accordance with the CTFP application.

DETAILED RESULTS

Our audit disclosed the following:

Project Costs and Contractor Documentation

The City of Orange incurred costs totaling \$648,360 for the project, of which \$93,589 was for the design phase of the project and \$554,771 was for the construction phase of the project. Of the \$554,771 total construction costs, \$381,471 was for construction work performed by Pro Tech Engineering Corporation, \$120,096 was for direct material costs related to the construction, and \$53,205 was for administrative labor costs incurred by the City. The project funding consisted of CTFP funds from OCLTA of \$613,054 (\$358,947 under Project No. 05-ORNG-GMA-2566, \$203,619 under Project No. 05-ORNG-SIP-2023, \$20,000 under Project No. 05-ORNG-GMA-2725, and \$30,488 under Project No. 08-ORNG-GMA-3014) and \$35,306 from the City's other funds. We found that all costs charged to the project were reasonable, allocable, and adequately supported.

Compliance with Competitive Contracting Requirements

We reviewed documentation provided by the City evidencing that competitive contracting requirements were complied with.

Accounting and Cash Management Procedures

The City established adequate controls to ensure that project funds were used only for approved project costs. All costs charged to the project were reviewed and approved by the City Engineer.

Project Completion

The project was completed on April 24, 2012 and the final report was submitted to OCLTA by the City on September 16, 2013, which is over 180 days after the project completion date. OCLTA's CTFP guidelines require that the City submit a final report to OCLTA within 180 days after the acceptance of the improvements, study, or project (i.e., Notice of Completion) by the City Council or within three years from the date in which the funds were originally programmed.

Recommendation

We recommend for future projects, the City submit Final Reports to OCLTA within 180 days after the project has been completed as required by CTFP guidelines.

City's Response

The City of Orange acknowledges and will comply with OCTA's CTFP guidelines regarding the timely submittal of Final Reports within 180 days of project acceptance.

Separate Project Fund

The City recorded costs of the project in the Reimbursable Capital Projects Fund (550). The City tracked the project by using a separate cost center (16031) within the Reimbursable Capital Projects Fund.

LIMITATIONS AND RESTRICTIONS

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

BCA Watson Rice, LLP

Torrance, California
July 17, 2014

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
 COMBINED TRANSPORTATION FUNDING PROGRAM

SCHEDULE OF AUDIT RESULTS

Cooperative No.: C-95-986
Agency: City of Orange
Project Title: East Chapman Traffic Signal Coordination Project
Project Status: Completed

<u>Project Number</u>	<u>CTFP Funding Provided</u>	<u>Matching¹ Required</u>	<u>Total Funds CTFP + Match</u>	<u>Costs Incurred</u>	<u>Unused Fund Balance</u>	<u>Questioned Costs</u>
05-ORNG-GMA-2566	\$ 358,947	\$ -	\$ 358,947	\$ 648,360 ²	\$ -	\$ -

¹ There was no minimum matching requirement.

² The costs include costs incurred on this project, Project No. 05-ORNG-SIP-2023, Project No. 05-ORNG-GMA-2725, and Project No. 08-ORNG-GMA-3014.

***ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY***

**Combined Transportation Funding Program
Financial and Compliance Audit**

**City of Anaheim
Katella Avenue (Humor to Jean) Project
(Engineering and Construction) Project
No. 03-ANAH-MPH-2004**

Submitted by

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**COMBINED TRANSPORTATION FUNDING PROGRAM
FINANCIAL AND COMPLIANCE AUDIT**

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL AND COMPLIANCE AUDIT

Board of Directors
Orange County Local Transportation Authority
Orange, California

We have completed our financial and compliance audit of the Katella Avenue (Humor to Jean) Project (the Project) of the City of Anaheim (the City), Project Number 03-ANAH-MPH-2004 awarded by the Orange County Local Transportation Authority (OCLTA) under the Combined Transportation Funding Program (CTFP). The objectives of this audit were to determine whether 1) costs charged to the project were reasonable and allocable, 2) the City complied with competitive contracting requirements, 3) the City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project and were tracked separately within the accounting system, 4) the project was completed in accordance with the CTFP agreement, and 5) all records and documentation related to the project were adequately maintained.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS IN BRIEF

We found that:

- Costs charged to the project were reasonable, allocable, and adequately supported.
- The City has a competitive procurement procedure in place for the selection of contractors, and adhered to this procedure for the selection of contractors under the project.
- The City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project.
- The project was completed in accordance with the CTFP agreement.
- The City established and maintained a separate cost center for the project.
- The City submitted the Final Report to OCLTA within 180 days of the project completion date as required by CTFP guidelines.

BACKGROUND

The Orange County Local Transportation Authority funded \$6,626,604 (\$1,132,054 for engineering and \$5,494,550 for construction) under Project No. 03-ANAH-MPH-2004 to the City under the Master Plan of Arterial Highways Program. The project was to widen Brookhurst Street Intersection to Nutwood Street. The costs incurred for the project totaled \$9,287,197 (\$1,614,493 for engineering and \$7,672,704 for construction) of which \$6,626,604 (\$1,132,054 for engineering and \$5,494,550 for construction) was funded by the CTFP under Project No. 03-ANAH-MPH-2004 and \$2,660,593 was funded by the City. The project began on March 3, 2010 and was completed on November 10, 2011 (See Attachment A for detailed results).

PROCEDURES PERFORMED

We performed the following procedures:

1. We reviewed the project agreement to obtain an understanding of the project and CTFP requirements.
2. We obtained and reviewed project contract files to identify contract provisions, verify evidence of competitive bid procedures, reviewed contractor invoices, payments, and change order documents, and to identify the date of contract completion.
3. We identified fund accounting procedures used by the City to account for Measure M revenues and expenditures.
4. We reviewed project records to determine that proper accounting and cash management procedures were followed.
5. We obtained a detail listing of the project's expenditures and judgmentally selected a sample for review. For the sample selected, we determined whether the expenditures were properly supported, approved, recorded, and consistent with the approved budget and in accordance with the contract and/or CTFP requirements.
6. For work performed by local agency personnel, we reviewed documents to determine if the decision that local agency personnel could perform the work most cost effectively or more timely than a contractor was documented in accordance with CTFP guidelines.
7. We reviewed project expenditures to determine that the project was completed in accordance with the CTFP application.

DETAILED RESULTS

Our audit disclosed the following:

Project Costs and Contractor Documentation

The City of Anaheim incurred costs totaling \$9,287,197 for the project, of which \$1,614,493 was for the engineering phase of the project and \$7,672,704 was for the construction phase of the project. The project funding consisted of CTFP funds from OCLTA of \$6,626,603 (\$1,132,054 for engineering and \$5,494,550 for construction under Project No. 03-ANAH-MPH-2004 and \$2,660,593 from the City's other funds. We found that all costs charged to the project were reasonable, allocable, and adequately supported.

Compliance with Competitive Contracting Requirements

We reviewed documentation provided by the City evidencing that competitive contracting requirements were complied with.

Accounting and Cash Management Procedures

The City established adequate controls to ensure that project funds were used only for approved project costs. All costs charged to the project were reviewed and approved by the Project Manager.

Project Completion and Final Report

The project was completed on November 10, 2011. The Notice of Completion was accepted on March 7, 2012, and the City submitted the final report to OCLTA on July 27, 2012, which is within 180 days after the acceptance of the improvements, study, or project (i.e., Notice of Completion) by the City Council.

Separate Project Fund

The City recorded costs of the project in the Reimbursable Competitive Projects Fund (277). The City tracked the project by using a separate cost unit (K843) within the Reimbursable Competitive Projects Fund.

LIMITATIONS AND RESTRICTIONS

This report is intended solely for the information and use of management and the Board of Directors of the Orange County Local Transportation Authority and the City of Anaheim and is not intended to be and should not be used by anyone other than these specified parties.

BCA Watson Rice, LLP

Torrance, California
August 6, 2014

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
 COMBINED TRANSPORTATION FUNDING PROGRAM

SCHEDULE OF PROJECT COSTS

Cooperative No.: C-95-965
Agency: City of Anaheim
Project Title: Katella Avenue (Humor to Jean) Project
Project Status: Completed

<u>Project Number</u>	<u>CTFP Funding Provided</u>	<u>Matching¹ Required</u>	<u>Total Funds CTFP + Match</u>	<u>Costs² Incurred</u>	<u>Unused Fund Balance</u>	<u>Questioned Costs</u>
03-ANAH-MPH-2004	\$ 6,626,604	\$ -	\$ 6,626,604	\$ 9,287,197	\$ -	\$ -

¹ There was no matching requirement.

² Costs incurred include both engineering and construction phases.

***ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY***

**Combined Transportation Funding Program
Financial and Compliance Audit**

**City of Fullerton
Malvern Avenue Signal Improvement Project
(Construction)
Project No. 05-FULL-SIP-2535**

Submitted by

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**COMBINED TRANSPORTATION FUNDING PROGRAM
FINANCIAL AND COMPLIANCE AUDIT**

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL AND COMPLIANCE AUDIT

Board of Directors
Orange County Local Transportation Authority
Orange, California

We have completed our financial and compliance audit of the Malvern Avenue Signal Improvement Project (the Project) of the City of Fullerton (the City), Project Number 05-FULL-SIP-2535 awarded by the Orange County Local Transportation Authority (OCLTA) under the Combined Transportation Funding Program (CTFP). The objectives of this audit were to determine whether 1) costs charged to the project were reasonable and allocable, 2) the City complied with competitive contracting requirements, 3) the City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project and were tracked separately within the accounting system, 4) the project was completed in accordance with the CTFP agreement, and 5) all records and documentation related to the project were adequately maintained.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS IN BRIEF

We found that:

- Costs charged to the project were reasonable, allocable, and adequately supported.
- The City has a competitive procurement procedure in place for the selection of contractors, and adhered to this procedure for the selection of contractors under the project.
- The City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project.
- The project was completed in accordance with the CTFP agreement.
- The City established and maintained a separate cost center for the project.
- The City submitted the Final Report to OCLTA within 180 days of the project completion date, as required by CTFP guidelines.

BACKGROUND

The Orange County Local Transportation Authority funded \$201,675 to the City under the Signal Improvement Program. The project was part of the Malvern/Chapman Avenue coordination and signal improvement program, which consisted of installing new controllers and implementation of new signal timing and coordination patterns to mitigate congestion and changing traffic patterns at the intersection from Malvern/Chapman to Euclid Street. The total costs incurred for the project totaled \$275,435 of which \$201,675 was funded by the CTFP under Project No. 05-FULL-SIP-2535, and \$73,760 was funded by the City. The project began on October 18, 2010 and was completed on February 14, 2012. (See Attachment A for detailed results).

PROCEDURES PERFORMED

We performed the following procedures:

1. We reviewed the project agreement to obtain an understanding of the project and CTFP requirements.
2. We obtained and reviewed project contract files to identify contract provisions, verify evidence of competitive bid procedures, reviewed contractor invoices, payments, and change order documents, and to identify the date of contract completion.
3. We identified fund accounting procedures used by the City to account for Measure M revenues and expenditures.
4. We reviewed project records to determine that proper accounting and cash management procedures were followed.
5. We obtained a detail listing of the project's expenditures and judgmentally selected a sample for review. For the sample selected, we determined whether the expenditures were properly supported, approved, recorded, and consistent with the approved budget and in accordance with the contract and/or CTFP requirements.
6. For work performed by local agency personnel, we reviewed documents to determine if the decision that local agency personnel could perform the work most cost effectively or more timely than a contractor was documented in accordance with CTFP guidelines.
7. We reviewed project expenditures to determine that the project was completed in accordance with the CTFP application.

DETAILED RESULTS

Our audit disclosed the following:

Project Costs and Contractor Documentation

The City of Fullerton incurred costs totaling \$275,435 for the project, of which \$252,993 was for construction and \$22,442 was for administrative labor costs incurred by the City. The project funding consisted of CTFP funds from OCLTA of \$201,675 under Project No. 05-FULL-SIP-2535 and \$73,760 from the City's other funds. We found that all costs charged to the project were reasonable, allocable, and adequately supported.

Compliance with Competitive Contracting Requirements

We reviewed documentation provided by the City evidencing that competitive contracting requirements were complied with.

Accounting and Cash Management Procedures

The City established adequate controls to ensure that project funds were used only for approved project costs. All costs charged to the project were reviewed and approved by the City Engineer.

Project Completion

The project was completed on February 14, 2012 and the final report was submitted to OCLTA by the City on June 7, 2012, which is within 180 days after the project completion date.

Separate Project Fund

The City recorded costs of the project in the Capital Improvement Fund (74). The City tracked the project by using a separate cost center (46001) within the Capital Improvement Fund.

LIMITATIONS AND RESTRICTIONS

This report is intended solely for the information and use of management and the Board of Directors of the Orange County Local Transportation Authority and the City of Fullerton and is not intended to be and should not be used by anyone other than these specified parties.

BCA Watson Rice, LLP

Torrance, California
August 18, 2014

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
 COMBINED TRANSPORTATION FUNDING PROGRAM

SCHEDULE OF AUDIT RESULTS

Cooperative No.: C-95-973
Agency: City of Fullerton
Project Title: Malvern Avenue Signal Improvement Project
Project Status: Completed

<u>Project Number</u>	<u>CTFP Funding Provided</u>	<u>Matching¹ Required</u>	<u>Total Funds CTFP + Match</u>	<u>Costs Incurred</u>	<u>Unused Fund Balance</u>	<u>Questioned Costs</u>
05-FULL-SIP-2535	\$ 201,674	\$ 55,087	\$ 256,761	\$ 275,435	\$ -	\$ -

¹ A matching requirement of 20% of total project costs was required and met by the City.

***ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY***

**Combined Transportation Funding Program
Financial and Compliance Audit**

**City of La Habra
Imperial Highway (LAC to SAC) / Imperial Highway Smart Street Project
(Engineering, Right-of-Way, and Construction)
Project No. 05-LHAB-MPH-2608**

Submitted by

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**COMBINED TRANSPORTATION FUNDING PROGRAM
FINANCIAL AND COMPLIANCE AUDIT**

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL AND COMPLIANCE AUDIT

Board of Directors
Orange County Local Transportation Authority
Orange, California

We have completed our financial and compliance audit of the Imperial Highway (LAC to SAC) / Imperial Highway Smart Street (LA County to Rose) Project (the Project) of the City of La Habra (the City), Project Number 05-LHAB-MPH-2608 awarded by the Orange County Local Transportation Authority (OCLTA) under the Combined Transportation Funding Program (CTFP). The objectives of this audit were to determine whether 1) costs charged to the project were reasonable and allocable, 2) the City complied with competitive contracting requirements, 3) the City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project and were tracked separately within the accounting system, 4) the project was completed in accordance with the CTFP agreement, and 5) all records and documentation related to the project were adequately maintained.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS IN BRIEF

We found that:

- Costs charged to the project were reasonable, allocable, and adequately supported.
- The City has a competitive procurement procedure in place for the selection of contractors, and adhered to this procedure for the selection of contractors under the project.
- The City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project.
- The project was completed in accordance with the CTFP agreement.
- The City established and maintained a separate cost center for the project.
- The City submitted the Final Report to OCLTA within 180 days of the project completion date as required by CTFP guidelines.

BACKGROUND

The Orange County Local Transportation Authority funded \$6,545,128 under Project No. 05-LHAB-MPH-2608 to the City under the Master Plan of Arterial Highways Program. The project was to widen Imperial Highway at major intersections between the LA County line in La Habra to Rose Drive in Placentia. Total costs incurred for the project totaled \$17,088,442, of which \$2,110,508 was for engineering, \$2,764,599 was for right-of-way, and \$12,213,335 was for construction. The project funding consisted of CTFP funds from OCLTA of \$13,669,695 (\$6,545,128 under Project 05-LHAB-MPAH-2608 and \$7,124,567 under Project 97-LHAB-SSP 2012) and \$3,418,747 from the City's other funds. The project began on September 22, 2009 and was completed on July 5, 2011 (See Attachment A for detailed results).

PROCEDURES PERFORMED

We performed the following procedures:

1. We reviewed the project agreement to obtain an understanding of the project and CTFP requirements.
2. We obtained and reviewed project contract files to identify contract provisions, verify evidence of competitive bid procedures, reviewed contractor invoices, payments, and change order documents, and to identify the date of contract completion.
3. We identified fund accounting procedures used by the City to account for Measure M revenues and expenditures.
4. We reviewed project records to determine that proper accounting and cash management procedures were followed.
5. We obtained a detail listing of the project's expenditures and judgmentally selected a sample for review. For the sample selected, we determined whether the expenditures were properly supported, approved, recorded, and consistent with the approved budget and in accordance with the contract and/or CTFP requirements.
6. For work performed by local agency personnel, we reviewed documents to determine if the decision that local agency personnel could perform the work most cost effectively or more timely than a contractor was documented in accordance with CTFP guidelines.
7. We reviewed project expenditures to determine that the project was completed in accordance with the CTFP application.

DETAILED RESULTS

Our audit disclosed the following:

Project Costs and Contractor Documentation

The City of La Habra incurred costs totaling \$17,088,442 for the project, of which \$2,110,508 was for the engineering phase, \$2,764,599 was for the right-of-way phase, and \$12,213,335 was for the construction phase. The project funding consisted of CTFP funds from OCLTA of \$13,669,695 (\$6,545,128 under Project 05-LHAB-MPAH-2608 and \$7,124,567 under Project 97-LHAB-SSP 2012) and \$3,418,747 from the City's other funds. We found that all costs charged to the project were reasonable, allocable, and adequately supported.

Compliance with Competitive Contracting Requirements

We reviewed documentation provided by the City evidencing that competitive contracting requirements were complied with.

Accounting and Cash Management Procedures

The City's accounting system crashed in 2012, which resulted in accounting records (i.e. General Ledger and Trial Balances) from 2007 through 2012 not being available to audit. However, the City was able to provide all invoices submitted to OCLTA, timekeeping reports for labor costs, and all contractor/consultant invoices with supporting documents on the project, and final cost reports submitted to OCLTA. Our audit was performed based on these documents, and we found that the City established adequate controls to ensure that project funds were used only for approved project costs. In addition, all costs charged to the project were reviewed and approved by the City Senior Civil Engineer.

Project Completion and Final Report

The project was completed on July 5, 2011 and the final report was submitted to OCLTA by the City on December 19, 2011, which is within 180 days after the acceptance of the improvements, study, or project (i.e., Notice of Completion) by the City Council.

Separate Project Fund

The City recorded costs of the project in the Measure M Fund. The City tracked the project by using a separate cost center (152531) within the Measure M Fund.

LIMITATIONS AND RESTRICTIONS

This report is intended solely for the information and use of management and the Board of Directors of the Orange County Local Transportation Authority and the City of La Habra and is not intended to be and should not be used by anyone other than these specified parties.

BCA Watson Rice, LLP

Torrance, California
October 10, 2014

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
 COMBINED TRANSPORTATION FUNDING PROGRAM

SCHEDULE OF PROJECT COSTS

Cooperative No.: C-95-980
Agency: City of La Habra
Project Title: Imperial Highway (LAC to SAC) / Imperial Highway Smart Street (LA County to Rose Drive) Project
Project Status: Completed

<u>Project Number</u>	<u>CTFP Funding Provided</u>	<u>Matching¹ Required</u>	<u>Total Funds CTFP + Match</u>	<u>Costs² Incurred</u>	<u>Unused Fund Balance</u>	<u>Questioned Costs</u>
05-LHAB-MPH-2608	\$ 6,545,128	\$ -	\$ 6,545,128	\$ 17,088,442	\$ -	\$ -

¹ There was no matching requirement.

² The costs include costs of engineering, right-of-way, and construction phases on this project and Project No. 97-LHAB-SSP-2012.

***ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY***

**Combined Transportation Funding Program
Financial and Compliance Audit**

**City of Laguna Woods
Santa Maria Multi-Modal Project
(Engineering and Construction)
Project No. 08-LWDS-TDM-3039**

Submitted by

BCA Watson Rice LLP

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**COMBINED TRANSPORTATION FUNDING PROGRAM
FINANCIAL AND COMPLIANCE AUDIT**

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL AND COMPLIANCE AUDIT

Board of Directors
Orange County Local Transportation Authority
Orange, California

We have completed our financial and compliance audit of the Santa Maria Multi-Modal Project (the Project) of the City of Laguna Woods (the City), Project Number 08-LWDS-TDM-3039 awarded by the Orange County Local Transportation Authority (OCLTA) under the Combined Transportation Funding Program (CTFP). The objectives of this audit were to determine whether 1) costs charged to the project were reasonable and allocable, 2) the City complied with competitive contracting requirements, 3) the City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project and were tracked separately within the accounting system, 4) the project was completed in accordance with the CTFP agreement, and 5) all records and documentation related to the project were adequately maintained.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS IN BRIEF

We found that:

- Costs charged to the project were reasonable, allocable, and adequately supported.
- The City has a competitive procurement procedure in place for the selection of contractors, and adhered to this procedure for the selection of contractors under the project.
- The City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project.
- The project was completed in accordance with the CTFP agreement.
- The City established and maintained a separate cost center for the project.
- The City submitted the Final Report to OCLTA within 180 days of the project completion date, as required by CTFP guidelines.

BACKGROUND

The Orange County Local Transportation Authority funded \$492,145 (\$90,000 for Engineering and \$402,145 for Construction) under Project No. 08-LWDS-TDM-3039 to the City under the Transportation Demand Program. The project was part of the construction of a Multi-Modal Trail to Santa Maria Avenue which will reduce the number of vehicle miles traveled by providing a protected travel way for bicycles, Segway Personal Transporter and golf carts and other non-motor vehicular means of transportation in lieu of the automobile. The total costs incurred for the project totaled \$792,777 of which \$492,145 was funded by the CTFP under Project No. 08-LWDS-TDM-3039 and \$300,632 was funded by the City. The project began on December 19, 2007 and was completed on January 5, 2012. (See Attachment A for detailed results).

PROCEDURES PERFORMED

We performed the following procedures:

1. We reviewed the project agreement to obtain an understanding of the project and CTFP requirements.
2. We obtained and reviewed project contract files to identify contract provisions, verify evidence of competitive bid procedures, reviewed contractor invoices, payments, and change order documents, and to identify the date of contract completion.
3. We identified fund accounting procedures used by the City to account for Measure M revenues and expenditures.
4. We reviewed project records to determine that proper accounting and cash management procedures were followed.
5. We obtained a detail listing of the project's expenditures and judgmentally selected a sample for review. For the sample selected, we determined whether the expenditures were properly supported, approved, recorded, and consistent with the approved budget and in accordance with the contract and/or CTFP requirements.
6. For work performed by local agency personnel, we reviewed documents to determine if the decision that local agency personnel could perform the work most cost effectively or more timely than a contractor was documented in accordance with CTFP guidelines.
7. We reviewed project expenditures to determine that the project was completed in accordance with the CTFP application.

DETAILED RESULTS

Our audit disclosed the following:

Project Costs and Contractor Documentation

The City of Laguna Woods incurred costs totaling \$792,777 for the project, of which \$116,786 was for the engineering phase of the project and \$675,991 was for the construction phase of the project. The project funding consisted of CTFP funds from OCLTA of \$492,145 (\$402,145 for Construction and \$90,000 for Engineering) under Project No. 08-LWDS-TDM-3039 and \$300,632 from the City's other funds. We found that all costs charged to the project were reasonable, allocable, and adequately supported.

Compliance with Competitive Contracting Requirements

We reviewed documentation provided by the City evidencing that competitive contracting requirements were complied with.

Accounting and Cash Management Procedures

The City established adequate controls to ensure that project funds were used only for approved project costs. All costs charged to the project were reviewed and approved by the City Engineer for costs up to \$10,000 and approved by the City Manager for costs over \$10,000.

Project Completion

The project was completed on January 5, 2012 and the final report was submitted to OCLTA by the City on May 4, 2012, which is within 180 days after the project completion date.

Separate Project Fund

The City recorded costs of the project in the Measure M1 Fund (110). The City tracked the project by using a separate cost center (6100 for Construction and 6102 for Engineering) within the Measure M1 Fund.

LIMITATIONS AND RESTRICTIONS

This report is intended solely for the information and use of management and the Board of Directors of the Orange County Local Transportation Authority and the City of Laguna Woods and is not intended to be and should not be used by anyone other than these specified parties.

BCA Watson Rice, LLP

Torrance, California
July 31, 2014

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
 COMBINED TRANSPORTATION FUNDING PROGRAM

SCHEDULE OF AUDIT RESULTS

Cooperative No.: C-0-0936
Agency: City of Laguna Woods
Project Title: Santa Maria Multi-Modal Project
Project Status: Completed

<u>Project Number</u>	<u>CTFP Funding Provided</u>	<u>Matching¹ Required</u>	<u>Total Funds CTFP + Match</u>	<u>Costs Incurred</u>	<u>Unused Fund Balance</u>	<u>Questioned Costs</u>
08-LWDS-TDM-3039	\$ 492,145	\$ 132,077	\$ 624,222	\$ 792,777 ²	\$ -	\$ -

¹ There was no minimum matching requirement per CTFP Guidelines; however, the City proposed 16.66% match on their approved application, and the match was met by the City.

² Costs incurred on this project include costs of both construction and engineering phases.

***ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY***

**Combined Transportation Funding Program
Financial and Compliance Audit**

**County of Orange
Laguna Canyon Road Project
(Construction)
Project No. 99-ORCO-MPAH-1048**

Submitted by

BCA Watson Rice LLP

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**COMBINED TRANSPORTATION FUNDING PROGRAM
FINANCIAL AND COMPLIANCE AUDIT**

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL AND COMPLIANCE AUDIT

Board of Directors
Orange County Local Transportation Authority
Orange, California

We have completed our financial and compliance audit of the Laguna Canyon Road Project (the Project) of the County of Orange (the County), Project Number 99-ORCO-MPAH-1048 awarded by the Orange County Local Transportation Authority (OCLTA) under the Combined Transportation Funding Program (CTFP). The objectives of this audit were to determine whether 1) costs charged to the project were reasonable and allocable, 2) the County complied with competitive contracting requirements, 3) the County's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project and were tracked separately within the accounting system, 4) the project was completed in accordance with the CTFP agreement, and 5) all records and documentation related to the project were adequately maintained.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS IN BRIEF

We found that:

- The Laguna Canyon Road Project was undertaken jointly with the California Department of Transportation (Caltrans) under a signed cooperative agreement dated July 16, 2002.
- Costs reimbursed by the County to Caltrans for costs incurred for the project were reasonable, allocable, and adequately supported.
- Caltrans was the lead implementing agency for this project and was responsible for the selection of contracts under this project.
- The County's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project.
- The project was completed in accordance with the CTFP agreement.
- The County established and maintained a separate object code for the project.
- The County notified OCLTA of delays in the submission of the Final Report as required by CTFP guidelines.

BACKGROUND

The Orange County Local Transportation Authority funded \$3,945,296 under Project No. 99-ORCO-MPAH-1048, County of Orange's Laguna Canyon Road Project to the County under the Master Plan of Arterial Highways Program. The project was for the roadway widening and realignment of the Laguna Canyon Road, from El Toro Road to I-405. This project was a joint undertaking with Caltrans, the lead implementing agency of the project. The project completion costs totaled \$28,180,683, of which \$3,945,296 was funded by the CTFP; \$10,769,414 (construction cost of \$8,839,200 and supportive expenditures of \$1,930,214) was funded by the County, and \$13,465,973 was funded by Caltrans. The project began on December 17, 2002 and was completed on May 2, 2008 (See Attachment A for detailed results).

PROCEDURES PERFORMED

We performed the following procedures:

1. We reviewed the project agreement to obtain an understanding of the project and CTFP requirements.
2. We obtained and reviewed project contract files to identify contract provisions, verify evidence of competitive bid procedures, reviewed contractor invoices, payments, and change order documents, and to identify the date of contract completion.
3. We identified fund accounting procedures used by the County to account for Measure M revenues and expenditures.
4. We reviewed project records to determine whether proper accounting and cash management procedures were followed.
5. We obtained a detail listing of the project's expenditures and judgmentally selected a sample for review. For the sample selected, we determined whether the expenditures were properly supported, approved, recorded, and consistent with the approved budget and in accordance with the contract and/or CTFP requirements.
6. For work performed by local agency personnel, we reviewed documents to determine if the decision that local agency personnel could perform the work most cost effectively or more timely than a contractor was documented in accordance with CTFP guidelines.
7. We reviewed project expenditures to determine that the project was completed in accordance with the CTFP application.

DETAILED RESULTS

Our audit disclosed the following:

Project Costs and Contractor Documentation

Caltrans as the lead implementing agency of the project, incurred total construction costs of \$28,180,683 for the work performed by the selected construction company, Sema Construction, Inc. Of this amount, \$12,784,495 was billed by Caltrans to the County as the County's share of the total project costs. The County paid Caltrans' invoices from its Road Fund. The County billed OCLTA \$3,945,296 through the approved CTFP Project No. 99-ORCO-MPAH-1048 funding. We found that all costs billed by Caltrans to the County were reasonable, allocable, adequately supported and in accordance with the cooperative agreement between Caltrans and the County. (See Attachment A for detailed results).

Compliance with Competitive Contracting Requirements

The County, through Caltrans, provided documentation showing that it had complied with State laws regarding competitive contracting requirements.

Accounting and Cash Management Procedures

The County established adequate controls to ensure that project funds were used only for approved project costs. All costs charged to the project as billed by CalTrans were reviewed and approved by the County Engineer.

Project Completion and Final Report

The project was completed on May 2, 2008 and the County submitted a final report to OCLTA on October 5, 2011, which is 1,255 days after the project completion date. OCLTA's 1999 CTFP guidelines require submission of the Final Report within 120 days of project acceptance or that the County notify OCLTA if the 120-day limit cannot be met so that a Final Report can be submitted at a later date. The County notified OCTA five times during September 2008, October 2009, April 2010, September 2010 and January 2011. Since the County notified OCLTA of the delay, the County has met the final reporting requirement.

Separate Project Fund

The County recorded costs of the project in the Road Fund (115). The County tracked the project by using a separate cost center (ER08943) within the Road Fund.

LIMITATIONS AND RESTRICTIONS

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

BCA Watson Rice, LLP

Torrance, California
August 12, 2014

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
 COMBINED TRANSPORTATION FUNDING PROGRAM

SCHEDULE OF PROJECT COSTS

Cooperative No.: C-95-969
Agency: County of Orange
Project Title: Laguna Canyon Road Project (From El Toro Road to I-405)
Project Status: Completed

<u>Project Number</u>	<u>CTFP Funding Provided</u>	<u>Matching¹ Required</u>	<u>Total Funds CTFP + Match</u>	<u>Costs² Incurred</u>	<u>Unused Fund Balance</u>	<u>Questioned Costs</u>
99-ORCO-MPAH-1048	\$ 3,945,296	\$ 1,972,648	\$ 5,917,944	\$ 28,180,683	\$ -	\$ -

¹ A matching requirement of 50% of CTFP funding was required and met by the County.

² The costs include costs incurred on this project, Project No. 97-ORCO-GMA-1050, Project No. 97-ORCO-GMA-1051, and Project No. 97-ORCO-GMA-1052.

***ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY***

**Comprehensive Transportation Funding Program
Financial and Compliance Audit**

**City of Aliso Viejo
Storm Water Litter Control Phase II Project
(Implementation)
Project No. 12-ALSO-ECP-3603**

Submitted by

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**COMPREHENSIVE TRANSPORTATION FUNDING PROGRAM
FINANCIAL AND COMPLIANCE AUDIT**

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL AND COMPLIANCE AUDIT

Board of Directors
Orange County Local Transportation Authority
Orange, California

We have completed our financial and compliance audit of the Storm Water Litter Control Phase II Project (the Project) of the City of Aliso Viejo (the City), Project Number 12-ALSO-ECP-3603 awarded by the Orange County Local Transportation Authority (OCLTA) under the Comprehensive Transportation Funding Program (CTFP). The objectives of this audit were to determine whether 1) costs charged to the project were reasonable and allocable, 2) the City complied with competitive contracting requirements, 3) the City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project and were tracked separately within the accounting system, 4) the project was completed in accordance with the CTFP agreement, and 5) all records and documentation related to the project were adequately maintained.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS IN BRIEF

We found that:

- Costs charged to the project were reasonable, allocable, and adequately supported.
- The City has a competitive procurement procedure in place for the selection of contractors, and adhered to this procedure for the selection of contractors under the project.
- The City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project.
- The project was completed in accordance with the CTFP agreement.
- The City established and maintained a separate cost center for the project.
- The City submitted the Final Report to OCLTA within 180 days of the project completion date, as required by CTFP guidelines.

BACKGROUND

The Orange County Local Transportation Authority funded \$97,769 under Project No. 12-ALSO-ECP-3603 to the City under the Environment Cleanup Program. The project was installation of Bio Clean High Capacity Filter Inserts on a total of 48 storm drain catch basins located on public streets within the City of Aliso Viejo to collect litter and debris prior to it entering the storm drain system. The costs incurred for the project as of the review date totaled \$102,665 of which \$97,769 was funded by the CTFP under Project No. 12-ALSO-ECP-3603 and \$4,896 was funded by the City. The project began on December 2012 and was completed on March 26, 2013 (See Attachment A for detailed results).

PROCEDURES PERFORMED

We performed the following procedures:

1. We reviewed the project agreement to obtain an understanding of the project and CTFP requirements.
2. We obtained and reviewed project contract files to identify contract provisions, verify evidence of competitive bid procedures, reviewed contractor invoices, payments, and change order documents, and to identify the date of contract completion.
3. We identified fund accounting procedures used by the City to account for Measure M revenues and expenditures.
4. We reviewed project records to determine that proper accounting and cash management procedures were followed.
5. We obtained a detail listing of the project's expenditures and judgmentally selected a sample for review. For the sample selected, we determined whether the expenditures were properly supported, approved, recorded, and consistent with the approved budget and in accordance with the contract and/or CTFP requirements.
6. For work performed by local agency personnel, we reviewed documents to determine if the decision that local agency personnel could perform the work most cost effectively or more timely than a contractor was documented in accordance with CTFP guidelines.
7. We reviewed project expenditures to determine that the project was completed in accordance with the CTFP application.

DETAILED RESULTS

Our audit disclosed the following:

Project Costs and Contractor Documentation

As of the review date, the City of Aliso Viejo had incurred costs totaling \$102,665 for the project. Of the \$102,665 total implementation costs, \$97,769 was for implementation work performed by Bio Clean Environmental Services, Inc. and \$4,896 was for maintenance work performed by PV Maintenance, Inc. The project funding consisted of CTFP funds from OCLTA totaling \$97,769 under Project No. 12-ALSO-ECP-3603 and \$4,896 from the City's other funds. We found that all costs charged to the project were reasonable, allocable, and adequately supported.

The total estimated project cost proposed by the City was \$130,454, which is made up of \$97,770 from CTFP funds and \$32,684 from City match funds. The lifespan of the project is approximately ten years. The cost of installation of Bio Clean High Capacity Filter Inserts on a total of 48 storm drain catch basins located on public streets within the City of Aliso Viejo was \$97,770, which was completed during FY 2012-13. The cost of inspection and maintenance of the basins is estimated to be \$32,684 over the lifespan of 10 years and will be paid from City match funds.

Compliance with Competitive Contracting Requirements

We reviewed documentation provided by the City evidencing that competitive contracting requirements were complied with.

Accounting and Cash Management Procedures

The City established adequate controls to ensure that project funds were used only for approved project costs. All costs charged to the project were reviewed and approved by the City Engineer.

Project Completion and Final Report

The project was completed on March 26, 2013 and the final report was submitted to OCLTA by the City on April 25, 2013, which is within 180 days after the project completion date.

Separate Project Fund

The City recorded costs of the project in the Measure M Fund (204). The City tracked the project by using a separate project number (086) within the Measure M Fund.

LIMITATIONS AND RESTRICTIONS

This report is intended solely for the information and use of management and the Board of Directors of the Orange County Local Transportation Authority and the City of Aliso Viejo and is not intended to be and should not be used by anyone other than these specified parties.

BCA Watson Rice, LLP

Torrance, California
August 19, 2014

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
COMPREHENSIVE TRANSPORTATION FUNDING PROGRAM**

SCHEDULE OF PROJECT COSTS

Cooperative No.: C-1-2753
Agency: City of Aliso Viejo
Project Title: Storm Water Litter Control Phase II Project
Project Status: Completed

<u>Project Number</u>	<u>CTFP Funding Provided</u>	<u>Matching¹ Required</u>	<u>Total Funds CTFP + Match</u>	<u>Costs² Incurred</u>	<u>Unused Fund Balance</u>	<u>Questioned Costs</u>
12-ALSO-ECP-3603	\$ 97,769	\$ 3,268	\$ 101,037	\$ 102,665	\$ -	\$ -

¹ A matching requirement of 25% of total project costs is required. For ongoing operations and maintenance of the project, a maximum of 10 years can be pledged as a match. The match proposed by the City was \$32,684 or \$3,268 per year for 10 years. The City met the matching requirement for FY 2013-2014.

² The costs incurred included costs for the implementation phase and maintenance for FY 2013-2014.

***ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY***

**Comprehensive Transportation Funding Program
Financial and Compliance Audit**

**City of Mission Viejo
Oso Parkway Widening: Interstate 5 to Country Club Drive Project
(Right-of-Way)
Project No. 11-MVJO-ACE-3537**

Submitted by

BCA Watson Rice LLP

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**COMPREHENSIVE TRANSPORTATION FUNDING PROGRAM
FINANCIAL AND COMPLIANCE AUDIT**

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL AND COMPLIANCE AUDIT

Board of Directors
Orange County Local Transportation Authority
Orange, California

We have completed our financial and compliance audit of the Oso Parkway Widening: Interstate 5 to Country Club Drive Project (the Project) of the City of Mission Viejo (the City), Project Number 11-MVJO-ACE-3537 awarded by the Orange County Local Transportation Authority (OCLTA) under the Comprehensive Transportation Funding Program (CTFP). The objectives of this audit were to determine whether 1) costs charged to the project were reasonable and allocable, 2) the City complied with competitive contracting requirements, 3) the City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project and were tracked separately within the accounting system, 4) the project was completed in accordance with the CTFP agreement, and 5) all records and documentation related to the project were adequately maintained.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS IN BRIEF

We found that:

- Costs charged to the project were reasonable, allocable, and adequately supported.
- The City has a competitive procurement procedure in place for the selection of contractors, and adhered to this procedure for the selection of contractors under the project.
- The City's accounting and cash management procedures were adequate to ensure that project funds were used only for costs chargeable to the project.
- The project was completed in accordance with the CTFP agreement.
- The City established and maintained a separate cost center for the project.
- The City submitted the Final Report to OCLTA within 180 days of the project completion date, as required by CTFP guidelines.

BACKGROUND

The Orange County Local Transportation Authority funded \$1,269,428 under Project No. 11-MVJO-ACE-3537 to the City under the Arterial Capacity Enhancement Program. The project included the acquisition of a required right-of-way and easements to facilitate the widening of Oso Parkway from Interstate 5 to Country Club Drive. The costs incurred for the project totaled \$1,692,571 of which \$1,269,428 was funded by the CTFP under Project No. 11-MVJO-ACE-3537 and \$423,143 was funded by the City. The project began on January 2009 and was completed on March 25, 2013 (See Attachment A for detailed results).

PROCEDURES PERFORMED

We performed the following procedures:

1. We reviewed the project agreement to obtain an understanding of the project and CTFP requirements.
2. We obtained and reviewed project contract files to identify contract provisions, verify evidence of competitive bid procedures, reviewed contractor invoices, payments, and change order documents, and to identify the date of contract completion.
3. We identified fund accounting procedures used by the City to account for Measure M revenues and expenditures.
4. We reviewed project records to determine that proper accounting and cash management procedures were followed.
5. We obtained a detail listing of the project's expenditures and judgmentally selected a sample for review. For the sample selected, we determined whether the expenditures were properly supported, approved, recorded, and consistent with the approved budget and in accordance with the contract and/or CTFP requirements.
6. For work performed by local agency personnel, we reviewed documents to determine if the decision that local agency personnel could perform the work most cost effectively or more timely than a contractor was documented in accordance with CTFP guidelines.
7. We reviewed project expenditures to determine that the project was completed in accordance with the CTFP application.

DETAILED RESULTS

Our audit disclosed the following:

Project Costs and Contractor Documentation

The City of Mission Viejo incurred costs totaling \$1,692,571 for the project. The project funding consisted of CTFP funds from OCLTA totaling \$1,269,428 under Project No. 11-MVJO-ACE-3537 and \$423,143 from the City's other funds. We found that all costs charged to the project were reasonable, allocable, and adequately supported.

Compliance with Competitive Contracting Requirements

The project funds were used primarily for the acquisition of required right-of-way and easements. Thus, competitive contracting requirements were not applicable because the cost of the construction contractor selected was not funded by CTFP funds.

Accounting and Cash Management Procedures

The City established adequate controls to ensure that project funds were used only for approved project costs. All costs charged to the project were reviewed and approved by the City Engineer.

Project Completion and Final Report

The project was completed on March 25, 2013 and the final report was submitted to OCLTA by the City on May 30, 2013, which is within 180 days after the project completion date.

Separate Project Fund

The City recorded costs of the project in the CIP Fund (272). The City tracked the project by using a separate cost center (791) within the CIP Fund.

LIMITATIONS AND RESTRICTIONS

This report is intended solely for the information and use of management and the Board of Directors of the Orange County Local Transportation Authority and the City of Mission Viejo and is not intended to be and should not be used by anyone other than these specified parties.

BCA Watson Rice, LLP

Torrance, California
August 13, 2014

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
COMPREHENSIVE TRANSPORTATION FUNDING PROGRAM**

SCHEDULE OF PROJECT COSTS

Cooperative No.: C-1-2775
Agency: City of Mission Viejo
Project Title: Oso Parkway Widening: I-5 to Country Club Drive Project
Project Status: Completed

<u>Project Number</u>	<u>CTFP Funding Provided</u>	<u>Matching¹ Required</u>	<u>Total Funds CTFP + Match</u>	<u>Costs Incurred</u>	<u>Unused Fund Balance</u>	<u>Questioned Costs</u>
11-MVJO-ACE-3537	\$ 1,269,428	\$ 423,143	\$ 1,692,571	\$ 1,692,571	\$ -	\$ -

¹ A matching requirement of 25% of total project costs was required and met by the City.



COMMITTEE TRANSMITTAL

January 12, 2015

To: Members of the Board of Directors

From: 
Laurena Weinert, Clerk of the Board

Subject: Countywide Pavement Management Plan Guidelines Updates

Regional Planning and Highways Committee Meeting of January 5, 2015

Present: Directors Lalloway, Miller, Murray, Nelson, and Spitzer

Absent: Director Donchak

Committee Vote

This item was passed by the Members present.

Committee Recommendation

Approve the proposed revisions to the Pavement Management Plan Guidelines.



January 5, 2015

To: Regional Planning and Highways Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Countywide Pavement Management Plan Guidelines Updates

Overview

The Orange County Transportation Authority Countywide Pavement Management Plan Guidelines were approved by the Board of Directors on May 24, 2010, and revised on December 10, 2012, consistent with requirements in the Measure M2 Ordinance. Updates to the Countywide Pavement Management Plan Guidelines are presented for review and approval.

Recommendation

Approve the proposed revisions to the Pavement Management Plan Guidelines.

Background

In 2006, Orange County Transportation (OCTA) staff conducted a countywide assessment of existing and future payment needs, and developed uniform criteria for local pavement management plan systems through the Countywide Pavement Plan (PMP) Guidelines (Guidelines). The Guidelines are provided to evaluate countywide pavement conditions, monitor changes in pavement conditions, anticipate expected improvements, and verify compliance with the Measure M2 Ordinance. Local agencies are provided with local match reductions through the Comprehensive Transportation Fund Programs as an incentive for maintaining and improving pavement conditions.

Discussion

Minor revisions have been made to the Guidelines to reflect lessons learned since initial adoption which will help achieve consistency and accuracy of data collection in the reporting of pavement information, and will clarify that the use of common software conforming to the American Society for Testing Materials Standard D6433.

Criteria for prequalification/calibration of inspectors has been modified to ensure consistency and accuracy in the evaluation of pavement conditions and to better reflect the performance of field inspectors. Submittal requirements were clarified in Chapter 3, and centerline street mileage has been added as a required submittal component. Additional minor revisions have been made to the Guidelines and PMP certification form for internal consistency. Specific changes are identified in the Guidelines provided in Attachment A.

The Technical Steering Committee (TSC) and the Technical Advisory Committee (TAC) reviewed the proposed revisions to the Guidelines. The Guidelines were recommended for Board of Directors approval by the TSC on November 12, 2014, and the TAC on December 10, 2014.

Summary

The Guidelines are established to provide a consistent method to receive comparable data, determine current future road pavement conditions, and anticipated future needs. Staff is seeking approval for an amendment to the Guidelines.

Attachment

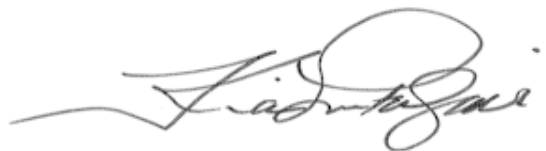
- A. OCTA – Countywide Pavement Management Plan Guidelines – January 2015

Prepared by:



May Hout
Associate Transportation Funding
Analyst
(714) 560-5905

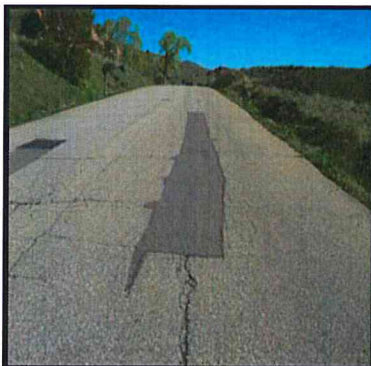
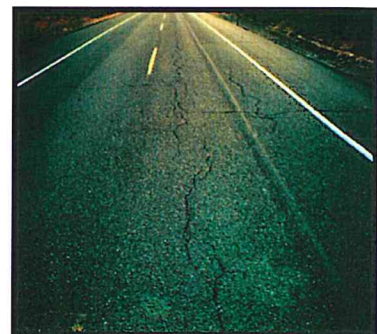
Approved by:



Kia Mortazavi
Executive Director, Planning
(714) 560-5741



Countywide Pavement Management Plan Guidelines



January 2015

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Chapter 1 — Introduction



On November 6, 1990, the voters in Orange County approved a ½-cent sales tax for transportation improvements known as Measure M. This sales tax includes funding for streets and roads that is available to local agencies through both a formula distribution and a competitive process. On November 6, 2006, voters approved a renewal of Measure M to continue the ½-cent sales tax for thirty years, beginning in 2011.

1.1. Eligibility Requirements

One of the eligibility requirements included in the ~~Renewed~~ Measure M2 (M2) specifies that each local jurisdiction must adopt and update a Pavement Management Plan (PMP) every two years. All agencies must use a common format as part of the countywide pavement management effort conforming to American Society for Testing and Materials (ASTM) Standard D6433. In 2010, OCTA adopted MicroPaver as the countywide standard Pavement Management Plan software and all agencies participating in Measure M were required to adopt this software for consistency in reporting pavement management conditions. In 2011, all local agencies submitted PMPs that were in conformance with the requirements in the PMP Guidelines. Local agencies may now also utilize Streets Saver, since it is in conformance with ASTM Standard D6433. The PMP must include:

- The current status of road pavement conditions;
- A seven-year plan for road maintenance and rehabilitation (including projects, funding, and unfunded backlog of pavement needs);
- The projected pavement condition resulting from the maintenance and rehabilitation plan; and
- Alternative strategies and costs necessary to improve road pavement conditions.

1.2. Local Match Reduction

In addition to the above requirements, a local agency match reduction of 10% of the eligible cost for projects submitted for consideration of funding through the ~~as part of the Renewed Measure M (M2)~~ Comprehensive Transportation Funding Programs (CTFP) call for projects is available if the local jurisdiction either:

- a. Shows measurable improvement of paved road conditions during the previous reporting period defined as an overall weighted (by area) average system improvement of one Pavement Condition Index (PCI) point with no reduction in the overall weighted (by area) average PCI in the Master Plan of Arterial Highways (MPAH) or local street categories;

- or -

- b. Have road pavement conditions during the previous reporting period within the highest 20% of the scale for road pavement conditions in conformance with OCTA Ordinance No. 3, defined as a PCI of 75 or higher, otherwise defined as in consider "good condition".

1.3. Background

The primary goal of these guidelines is to ensure consistent field data collection and reporting procedures so that countywide funding allocations can be based on agency comparable pavement conditions. ~~The key is to ensure a reliable, consistent and uniform approach to data collection for use with a common pavement management computer program.~~

The key is to ensure a reliable, consistent and uniform approach to data collection.

Once ~~Now~~ Given that all agencies are using uniform data collection procedures, OCTA can ~~then~~ answer typical questions such as:

- What is the average countywide condition of local streets and roads? For individual streets? For Arterial Highways?
- Which streets have a higher priority and need to be funded first?
- How much does it cost to bring them up to an acceptable condition?
- How much will it cost to maintain them in an acceptable condition over the next seven years or more?
- What are the impacts on pavement condition at the existing funding levels?

~~In order to determine current practices in the County, a survey questionnaire was developed which contained questions ranging from identifying the Pavement Management System (PMS) software, pavement survey cycles, pavement distresses collected, quality control/quality assurance (QC/QA) procedures, and pavement treatment policies/unit costs. The main questions in the questionnaire included:~~

1. ~~Current PMS program i.e. what does the database contain?~~
2. ~~Typical inspection cycles~~
3. ~~Last pavement condition survey (when and by whom?)~~
4. ~~QC process for pavement condition survey~~
5. ~~Survey methodology~~
6. ~~Types of distresses collected~~
7. ~~Pavement condition rating scale used~~
8. ~~Thresholds for different maintenance treatments~~
9. ~~Prioritization process used to select sections for treatment~~
10. ~~Components used to calculate treatment unit costs~~
11. ~~Pavement prediction models (deterioration curves)~~
12. ~~Inventories of other assets maintained~~

~~Appendix A contains the results of the survey questionnaire that was distributed by OCTA to all local agencies in June 2009. All 35 agencies responded. Based on the results of this survey, countywide pavement management guidelines were developed. Training is provided, periodically, by OCTA to maintain consistency in data collection procedures and assist local agencies in the use of pavement management software.~~

1.4. Procedures Guidelines Overview

These guidelines and procedures are necessary for Orange County agencies to implement and update their pavement management plans with respect to conducting condition surveys. This is required to certify that they are in conformance with the criteria stated in OCTA's Ordinance No. 3. This ordinance requires that a pavement management plan be in place and maintained to qualify for allocation of net revenues generated from Measure M2. A copy of Ordinance No. 3 is available from OCTA. A copy of the pavement management program (PMP) certification is included in Appendix A. This is part of the submittals required for each agency (see Chapter 3).

Chapter 2 ~~Program~~ Pavement Management Plan

~~Program~~ Guidelines

These guidelines and procedures are necessary for Orange County agencies to implement and update their pavement management plans with respect to conducting condition surveys. This is required to certify conformance with the criteria stated in OCTA's Ordinance No. 3. This ordinance requires that a Pavement Management Plan be in place and maintained to qualify for allocation of net revenues generated from Measure M2. A copy of Ordinance No. 3 is available from OCTA. A copy of the Pavement Management Plan (PMP) certification is included in Appendix A. This is part of the submittals required for each agency (see Chapter 3).

The pavement management guidelines are discussed under the following categories:

1. Condition survey protocols
2. Inspection frequency
3. Countywide Assessment Standards
4. ~~QC~~/QA/QC plan
5. Re-inspections
6. Prequalification/calibration of inspectors
7. Pavement management software and inspection training
8. ~~MicroPAVER-Computer~~ data files

2.1. Condition Survey Protocols

In 1998, OCTA adopted condition survey protocols that required the collection of certain surface distresses as a minimum for both asphalt concrete and Portland cement concrete pavements. These distresses were common to the variety of pavement management systems then in use by Orange County local agencies. ~~With the adoption~~ Based on the usage of a common county-wide software MicroPaver as the software for use county wide, it is now possible to include all of the distresses in the Paver Distress Identification Manuals ASTM Standard D6433 "Standard Practice for Roads and Parking Lots Pavement Condition Index Surveys" in these program plan Guidelines. These surface distresses are as follows:

Asphalt Concrete (AC)

1. Alligator or Fatigue Cracking
2. Bleeding
3. Block Cracking
4. Bumps and Sags
5. Corrugation
6. Depression

7. Edge Cracking
8. Joint Reflection Cracking
9. Lane/ Shoulder Drop-off
10. Longitudinal Cracking
11. Patching and Utility Cut Patching
12. Polished Aggregate
13. Potholes
14. Railroad Crossing
15. Rutting
16. Shoving
17. Slippage Cracking
18. Swell
19. Raveling
20. Weathering (Surface Wear)

Portland Cement Concrete (PCC)

21. Blowup/ Buckling
22. Corner Break
23. Divided Slab
24. Durability ("D") Cracking
25. Faulting
26. Joint Seal Damage
27. Lane/ Shoulder Drop-Off
28. Linear Cracking
29. Patching, Large And Utility Cuts
30. Patching, Small
31. Polished Aggregate
32. Popouts
33. Pumping
34. Punchout
35. Railroad Crossing
36. Scaling
37. Shrinkage Cracks
38. Spalling, Corner
39. Spalling, Joint

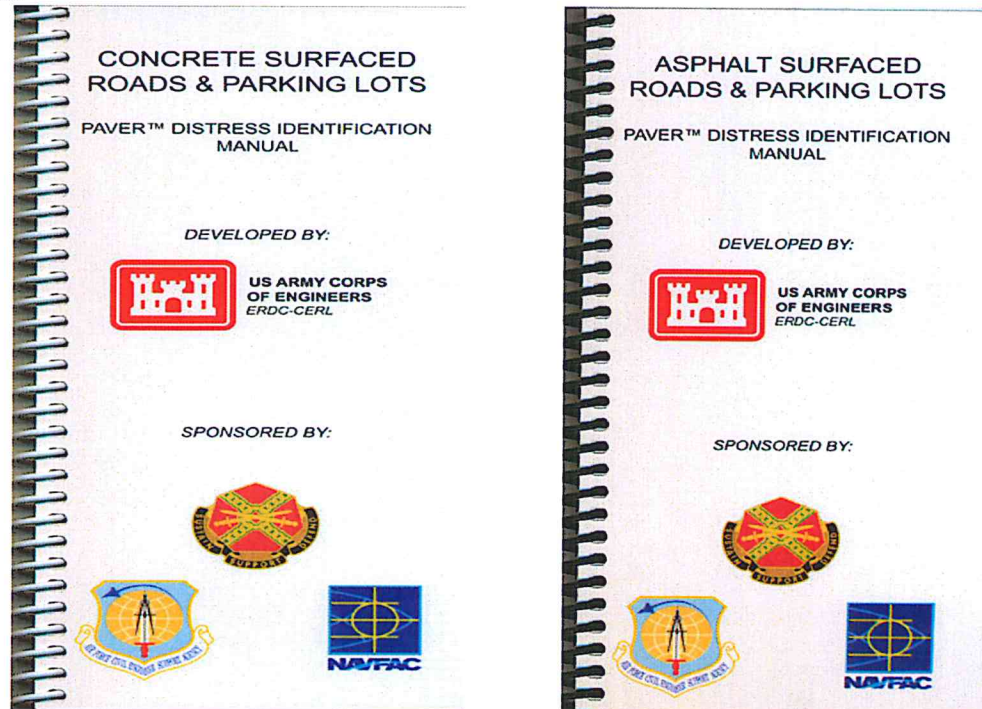
The distress definitions, severity levels, and measurement methods are based on criteria described in *Pavement Management for Airports, Roads and Parking Lots*¹. This reference has been formalized as ASTM Standard D6433-11² (ASTM is the American Society for Testing and Materials). ASTM's copyright does not allow for electronic distribution or copying of this standard. However, a link to purchase the standard is included in the

¹ Shahin, M.Y. *Pavement Management for Airports, Roads and Parking Lots*, Chapman & Hall, 1994.

² ASTM D6433-11 – *Standard Practice for Roads and Parking Lots Pavement Condition Index Surveys*. A copy may be purchased at <http://www.astm.org/Standards/D6433.htm>.

footnote.) OCTA's guidelines follow ASTM D6433-11, with a few minor exceptions as noted below.

In addition, field manuals are available from the American Public Works Association (APWA)^{3,4}. The field manuals include photographs of distress types and detailed descriptions and definitions, and are intended for the field inspector. All personnel involved with inspection or performing condition surveys must have read and understood these manuals.



Note that both ASTM D6433-11 and these field manuals contain 20 distresses and 19 distresses for AC and PCC pavements, respectively. These distresses are now required for data collection.

OCTA allows windshield, walking, and calibrated automated surveys. It is recommended that windshield surveys be -supplemented with walking surveys.

In a windshield survey, the inspector travels in a vehicle at slow speeds (5 to 10 mph) and observes the pavement condition from within the vehicle. The entire length of the pavement section is driven and observed. A driver is required for safety reasons, with the inspector/recorder in the passenger side of the vehicle. The inspector should have a list of street sections to be surveyed and a planned route, planned in advance.

³ *Paver Distress Identification Manual: Asphalt-Surfaced Roads and Parking Lots*, U.S. Army Corps of Engineers, Construction Engineering Research Laboratories, June 2009. To purchase, go to www.apwa.net.

⁴ *Paver Concrete Distress Identification Manual: Concrete Surfaced Roads and Parking Lots*, U.S. Army Corps of Engineers, Construction Engineering Research Laboratories, June 2009. To purchase go to www.apwa.net.

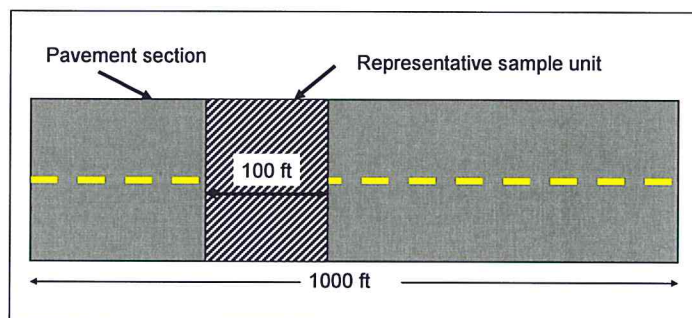


The entire pavement section is surveyed and the distress data are estimated and recorded. In situations where the distresses need closer examination, or where there are difficulties in observation, the inspector should stop the vehicle and walk the pavement section to verify the distresses observed from the vehicle.

-All field data collection procedures should conform to the local agency's safety practices and should be included in the **QC/QA/QC** Plan (see Section 2.4).

When walking surveys are used, the following procedure should be followed:

1. Each pavement section must be inspected using sample units. Individual sample units should be representative of the pavement section conditions, and may be marked or identified to allow easy location for quality control purposes. Paint marks along the edge or sketches with locations connected to physical pavement features are acceptable. The figure below illustrates the definition of a pavement section and a representative sample unit.



2. The area of AC sample units should be 2500 ± 1500 square feet, and for PCC sample units, this should be 20 ± 8 slabs. The total inspected area or slabs for a pavement section must be at least 10% of the total pavement section area or slabs. This is an exception to the procedure described in ASTM D6433.

For example, a pavement section 950 feet long and 32 feet wide must have at least one sample unit (typically 100 feet long x 32 feet wide = 3200 sf). Longer sections will require multiple sample units.

3. Additional sample units are to be inspected only when non-representative distresses are observed. Typically, these will be distresses that are localized in nature and not representative of the entire pavement section e.g. high severity alligator cracking found near bus pads, rutting in intersections, distresses due to landscape watering/ponding etc.
4. Conduct the distress inspection by walking on the pavement shoulder or sidewalk adjacent to the sample unit being surveyed, measuring the quantity of each severity level of every distress type present, and recording the data. Each distress must correspond in type and severity to that described in the Paver Distress Identification Manuals.
5. A copy of the recorded distress data should be provided on a weekly basis to the responsible agency personnel for quality assurance.

Finally, it should be noted that windshield surveys, while reasonably fast and inexpensive, do have shortcomings. Chief among these are that low severity distresses are difficult to identify in this procedure, and consequently, the PCI may be significantly higher than it ought to be. A pavement may therefore be selected for a slurry seal when a thin overlay is more appropriate or for a thin overlay when a thick overlay is more appropriate. This may result in treatments that are not cost-effective.

When certain pavements are a high priority (usually those with high traffic volumes or other distinctive feature) for a local agency, walking surveys are preferred to ensure that all pertinent distresses are captured, although windshield surveys are the minimum standard. For residential or local streets, windshield surveys are acceptable.

2.2. Inspection Frequency

All streets identified on the Master Plan for Arterial Highways (MPAH) must be surveyed at least once every two years. All local streets must be surveyed at least once every six years. This is a requirement of OCTA's PMP certification program.

2.3. Countywide Assessment Standards

In 1998, OCTA adopted the countywide pavement condition assessment standards for treatments as shown in Table 2.2.

Table 2.2 Pavement Condition Assessment Standards

Pavement Quality	PCI Thresholds	Funded Treatment
Very Good	86-100	None
Good	75-85	Surface seal*
Fair	60-74	Thin overlay
Poor	41-59	Thick overlay
Very Poor	0-40	Reconstruction

* Not eligible for **M2** competitive funding program

Note that Table 2.2 does NOT preclude other treatments that a local agency may choose to select or use. Indeed, there have been many new pavement technologies and techniques introduced since 1998 that a local agency should consider for preventive maintenance, and which may be funded under the **Measure M2 fairshare turnback** program. **The treatments in Table 2.2 are intended to identify the types of treatments that OCTA will fund under the competitive grant program only.**

2.4. **QA/QC/QC/QA** Plan

A **quality assurance/quality control (QA/QC)** ~~quality control/quality assurance (QC/QA)~~ plan must be prepared by all agencies. The purpose of the **QA/QC** ~~QC/QA~~ plan is to ensure that all procedures used to collect distress data comply with OCTA's guidelines and result in the delivery of a quality data product. The ~~QC/QA~~ **QA/QC** plan should also provide for corrective actions when deficiencies are encountered. As a minimum, the following components must be included:

- a. Description of condition survey procedures (distress types, severities) or reference to the relevant documents in Section 3. All procedures, changes or modifications should be well documented in the **QA/QC** ~~QC/QA~~ plan so that future updates will be consistent. In particular, unique situations are especially important and their documentation should be included.
- b. How data will be collected (windshield, walking, automated or combination of methods).
- c. Accuracy required for data collection.
- d. Description of how data will be checked for accuracy by agency e.g. re-inspections.

- e. Schedule for when data will be submitted to local agency staff.
- f. Experience of inspectors including past training on condition surveys or calibration procedures.
- g. Field data collection safety procedures.

Any findings that may compromise data integrity and consistency should be discussed and corrected. Examples of these include differences in survey methods from the last update (e.g. changing from windshield to walking surveys), collecting additional distress types and unique situations that may not lend themselves to existing condition survey procedures (e.g. gap-graded mixes, edge cracking with unpaved shoulders).

Prior to performing any work, local jurisdictions must review the QC/QA plan with inspection personnel.

A copy of the ~~QC/QA~~ **QA/QC** plan must be submitted to OCTA together with the PMP certification.

2.5. Re-inspections

As part of any ~~QC/QA~~ **QA/QC** process, it is essential to re-inspect portions of the network with different personnel than those performing the condition surveys. Re-inspections should be performed within one month of the original date of collection as pavement data will change with time, and during the winter, may change very rapidly.

The data to be re-inspected should include distress types, severities and quantities collected during the survey. At least 5% of the pavement sections should be re-inspected.

The selected sections for re-inspections should be representative of the local agency's network. This should include sections from:

- All functional classifications ~~e.g. (i.e. arterials, collectors and residential/locals)~~
- All surface types ~~e.g. (i.e. AC and PCC)~~
- Entire range of pavement conditions ~~(e.g. i.e. good, fair, poor)-etc~~
- All significant changes in PCI ~~(i.e. sections with more than ±10 PCI points a year with no plausible explanations should be targeted for re-inspections).~~
- All inspectors
- Different geographical areas

Acceptability Criteria

In general, inspectors should identify distress types accurately 95% of the time. Linear measurements should be considered accurate when they are within $\pm 10\%$ if re-measured, and area measurements should be considered accurate when they are within $\pm 20\%$ if re-measured.

For the data to be acceptable, 90% of the re-inspected sections must be within ± 10 PCI points.

If the results of the re-inspections do not meet the above criteria, all inspections should be immediately halted and any differences should be identified and discussed. Corrective actions should be taken immediately. The local jurisdiction should then perform reinspections of an *additional* 5% of the pavement sections.

2.6. Prequalification/Calibration of Inspectors

Prequalification or calibration of inspectors ensures that proper procedures are followed and that the results obtained are within acceptable variability ranges. This will be implemented by OCTA staff.

Briefly, the procedures to prequalify or calibrate inspectors are as follows:

- a. OCTA will select approximately 20 pavement sections to be used as control or test sites. Collectively, the control sites should exhibit common distress types and levels of severity that will be encountered in the pavement network and should be across all functional classes, pavement age, surface type, pavement condition and distresses.
- b. Inspect the sections manually (walking survey) using at least two different experienced inspectors and the established survey protocols (Appendix B and ASTM D6433-09), including any modifications. This will establish the baseline **Pavement Condition Index (PCI)** for each control section.
- c. The candidate inspectors should then survey the same pavement sections within one month of the control surveys established in Step (b). The data for the sections should be collected and submitted to OCTA as soon as they are completed.
- d. OCTA will calculate the PCIs based on the survey data collected by inspectors.
- e. Compare the control PCI data with survey results by candidate inspectors. Identify the differences and areas of consistency improvement.

Acceptability Criteria

The criteria for acceptability are:

- a. The root mean square of the error (RMSE) (i.e. deviation from the baseline or "ground truth") shall not exceed a calculated value of 14.
- b. At least 47% of the sections must be within \pm one standard deviation from the baseline.
- a. ~~No more than 12% of the sections may be greater than \pm three standard deviations from the base line. At least 47% of the sections must be within ± 5 PCI points of the baseline PCIs.~~
- b.c. ~~No more than 12% of the sections may be greater than ± 15 PCI points from the baseline.~~
- e.d. All inspections must be performed independently by each inspector.
- d.e. All PCIs will be calculated independently for each inspector.
- e.f. At least one member of a consultant firm or local agency staff must be prequalified.

2.7. Pavement Management Software Training

Local agencies may utilize either MicroPAVER or StreetSaver® software for their pavement management plans, as long as they conform to ASTM D6433 and these guidelines. At least one representative of the local jurisdiction must be familiar with the PMP~~S~~ software utilized, and have attended one training class. In the case of MicroPAVER, training classes are conducted regularly. The American Public Works Association (APWA) conducts "hands-on" MicroPAVER training classes for a fee, at least once a year, (see www.apwa.net for more information). Web-based training programs on specific modules are also available for a fee and broadcast schedules are periodically posted on the APWA website.

The Metropolitan Transportation Commission (MTC) provides free training classes on their StreetSaver® software program as well as field condition surveys. Typically, two field training classes are conducted annually; one in Northern California and one in Southern California (see www.mtcpms.org for more information). There are enough similarities between StreetSaver's and MicroPAVER's condition surveys that this training class will benefit any inspector new to the process.

2.8. ~~MicroPAVER~~ Pavement Management Data Files

The ~~MicroPAVER~~ Pavement Management data files shall be submitted to OCTA in spreadsheet format. This must include the following information:

- Street name and limits for all public streets
- Street identifiers (Branch ID, Section ID)
- Direction (if applicable)
- Begin and end of section
- Length, widths and true areas
- Rank Functional Classification (arterial, collector ~~MPAH~~, local etc)
- Number of travel lanes


- Pavement Condition Index (PCI) and date of inspection
- Type of recommended treatment
- Cost of recommended treatment

~~Further technical guidance will be provided by OCTA prior to the time of submittal.~~ Public alleys formally accepted as part of the local agency's street system may be included at the local agency's option. Public parking lots and private streets shall not be included in this submittal.

Chapter 3 ~~2.4~~ Agency Submittals

Local agencies must submit to OCTA the following as part of the biennial certification:

1. Pavement management ~~program plan~~ certification (see Appendix ~~BA~~).
2. QA/QC/QA plan (see ~~Section 2.4~~) Appendix B Model Quality Assurance/Quality Control (QA/QC) Plan
3. ~~MicroPAVER~~ Pavement management data files in a form useable by OCTA (see Section 2.8)
4. Pavement management plan "hard copies" which includes the following:
 - a. Average (weighted by area) PCI for:
 - i. Entire pavement network
 - ii. MPAH roadways
 - iii. Local streets
 - b. Projected PCI under existing funding levels over the next seven years for:
 - i. Entire pavement network
 - ii. MPAH roadways
 - iii. Local streets
 - c. Seven-year plan for road maintenance and rehabilitation based on current and projected budget, identifying street sections selected for treatment, ~~based on the existing budget~~. Specific data to be submitted are:
 - i. Street name
 - ii. Limits of work
 - iii. Lengths, widths
 - iv. Pavement areas
 1. Each street
 2. Total area for local streets
 3. Total area for MPAH roadways
 4. Total area for entire public streets network
 - v. Functional classification (i.e. MPAH or local street)
 - vi. PCI and most recent date of inspection
 - vii. Type of treatment
 - viii. Cost of treatment
 - ix. Year of treatment
 - d. Alternative funding levels required to:
 - i. Maintain existing average network PCI
 - ii. To improve average network PCI
 - e. Backlog by year of unfunded pavement rehabilitation, restoration, and reconstruction needs.
 - e.f. Centerline mileage for MPAH, local streets, and total network.

- 
5. In order to be eligible for the local match reduction of 10%, the local jurisdiction must either:
- a. Show measurable improvement of paved road conditions during the previous reporting period defined as an overall weighted (by area) average system improvement of one Pavement Condition Index (PCI) point with no reduction in the overall weighted (by area) average PCI in the Master Plan of Arterial Highways (MPAH) or local street categories;

- or -

 - b. Have road pavement conditions for the overall network during the previous reporting period within the highest 20% of the scale for road pavement conditions in conformance with OCTA Ordinance No. 3, defined as a PCI of 75 or higher.



APPENDIX A

Pavement Management **Plan Program** (PMP) Certification



Appendix F: Pavement Management Plan Certification

The City/County of _____ certifies that it has a Pavement Management Plan in conformance with the criteria stated in the Orange County Transportation Authority Ordinance No. 3. This ordinance requires that a **Local** Pavement Management Plan be in place and maintained to qualify for allocation of revenues generated from **renewed** Measure M (M2).

The plan was developed by _____ * using _____, a pavement management system, **conforming to American Society for Testing and Materials (ASTM) Standard D6433**, and contains, at a minimum, the following elements:

- Inventory of MPAH and local routes reviewed and updated biennially. The last update of the inventory was completed on _____, _____ for Arterial (MPAH) streets and _____, _____ for local streets.
- Assessment of pavement condition for all routes in the system, updated biennially. The last field review of pavement condition was completed _____, _____
- Percentage of all sections of pavement needing:
Preventive Maintenance _____, Rehabilitation _____, Reconstruction _____
- Budget needs for preventative maintenance, rehabilitation and/or reconstruction of deficient sections of pavement for:
Current biennial period \$ _____, Following biennial period \$ _____
- Funds budgeted or available for Preventative Maintenance, Rehabilitation and/or Reconstruction.
Current biennial period \$ _____, Following biennial period \$ _____
- Backlog by year of unfunded pavement rehabilitation, restoration, and reconstruction needs.
- The **Local** Pavement Management Plan is consistent with countywide pavement condition assessment standards as described in the OCTA Countywide Pavement Management **Program Plan** Guidelines adopted by the OCTA Board of Directors on May 24, 2010, **as** amended on December 10, 2012.

* An electronic copy of the **Local** Pavement Management Plan with Micro Paver or **StreetSaver** compatible files **must has been or will be** submitted with the certification statement.

A copy of this certification is being provided to the Orange County Transportation Authority.

Submitted by:

Name (Print)

Jurisdiction

Signed

Date

Title



APPENDIX B

Sample Model Quality Assurance/Quality Control (QA/QC) Plan

Quality **Assurance/ Quality** Control Plan **(QA/QC)**
For City/County Of _____
[Enter Year] Pavement Management Update

Submitted to:
Orange County Transportation Authority
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584

[Enter Date Submitted]

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1. INTRODUCTION

When performing data collection in any field, the need for quality control is paramount as it is essential for accurate planning, analysis and design. This is particularly true for collecting pavement distress data for a pavement management system.

The ~~Quality Assurance/Quality Control (QA/QC)/QAQA~~ Plan establishes minimum quality standards for performance and procedures for updates of the pavement management system.

[Include information on agency's ~~QC/QA/QC~~ policies if applicable]

1.1 Objectives

This document constitutes a formal ~~Quality Control-QA/QC~~ Plan (~~QCP~~) for the **[Enter City/County Name]**—It was prepared on **[Enter date]** and last revised on **[Enter date]**.

Specifically, it is intended for the **[Enter year applicable]** Pavement Management ~~Plan~~ Update. The focus is on the collection of network-level pavement distress data (defined by National Cooperative Highway Research Program (NCHRP) Synthesis 401 Quality Management of Pavement Data Collection, as “Network-level data collection involves collection of large quantities of pavement condition data, which is often converted to individual condition indices or aggregated into composite condition indices.”)

This document also addresses the ~~QA/QC~~ plan requirements of the Orange County Transportation Authority (OCTA)’s “~~Countywide Pavement Management Plan Program—~~Guidelines-~~Manual~~” (section 2.4), adopted in May 2010.

1.2 Structure of ~~QA/QC~~ Plan

The following components are addressed in this ~~QA/QC~~ Plan:

- Condition survey procedures used
- Accuracy required for data collection
- Inspector qualifications and experience
- Safety

2. **QUALITY ASSURANCE/ CONTROL PLAN**

2.1 **Condition Survey Procedures**

The governing document in performing condition surveys for the [Enter agency name] is ASTM D6433 “*Standard Practice for Roads and Parking Lots Pavement Condition Index (PCI) Surveys.*” Both asphalt concrete (AC) and Portland cement concrete (PCC) pavements are included in this protocol. The following distresses are collected for each pavement type.

Asphalt Concrete (AC) Pavements

1. Alligator (fatigue) cracking
2. Bleeding
3. Block cracking
4. Bumps and sags
5. Corrugation
6. Depression
7. Edge cracking
8. Joint reflection cracking
9. Lane/Shoulder drop off
10. Longitudinal & Transverse cracking
11. Patching and utility cut patching
12. Polished aggregate
13. Potholes
14. Railroad crossing
15. Rutting
16. Shoving
17. Slippage cracking
18. Swell
19. Weathering
20. Raveling

Portland Cement Concrete (Jointed)

1. Blowup/buckling
2. Corner breaks
3. Divided slab
4. Durability (“D”) cracking
5. Faulting
6. Joint seal damage
7. Lane/shoulder drop off
8. Linear cracking
9. Patching (large) and utility cuts
10. Patching (small)
11. Polished aggregate
12. Popouts
13. Pumping
14. Punchout
15. Railroad crossing
16. Scaling, map cracking and crazing
17. Shrinkage cracks
18. Spalling (corner)
19. Spalling (joint)

Any exceptions to the above procedures are discussed before any surveys are performed. They are documented in the paragraphs below.

[Note to agency: these are usually related to distresses or situations that are not covered in the manuals. Examples include roller check marks or edge cracking on streets with no curbs and gutters. Others include the raveling of surface seals or the use of open-graded asphalt concrete mixes where the surface appears to have large voids present. Any modifications must be documented and included in this document. Photos are extremely helpful.]

All surveys are performed as **[Indicate type of surveys – walking, windshield, semi-automated etc.]** surveys, and a minimum 10% sampling rate is utilized. Field crews are typically composed of **[Agency should edit as applicable]** a one-person crew on residential streets and some collectors, and up to two-person crews for major arterials, depending on traffic volumes and speeds. The safety of field personnel is paramount in all instances.

The sample unit selected must be representative of the entire pavement section. This assumes that the section is homogenous; if it is not homogeneous, then the section must be split according to the criteria agreed upon by the agency. Typically, the criteria used are:

- Pavement condition
- Construction age, if known
- Maintenance history, if known
- Traffic volumes (or functional classification as a surrogate)
- Surface types (e.g. asphalt concrete or Portland cement concrete)
- Geometric elements (e.g. widths)

Any modifications to the section inventory data are documented in the pavement management report.

A sample unit must be between $2,500 \pm 1,000$ square feet in conformance with ASTM D6433 protocols. Typical sample unit dimensions are 100 feet long by the width of the street. Streets that are wider than 40 feet wide will have shorter lengths (generally 50 feet) or if they are divided by a raised median, separate sample units will be taken in each direction.

Any pavement areas that are not representative of the section will be noted and surveyed as an additional sample unit.

2.2 Accuracy Required for Data Collection

The accuracy required for data collection has two components, both of which are further described in the following paragraphs.

- Re-inspections
- PCI comparisons with past surveys

2.2.1 Random and Systematic Re-Inspections

A minimum of 5% of the total sample units will be re-inspected and this 5% will be selected based on both a random and systematic basis. All re-inspections are made by an engineer or inspector other than the original inspector.

Random Re-inspections

Random re-inspections will include a representative selection across the following categories:

- Functional classes (i.e. ~~arterials, collectors~~ MPAH, locals);
- Surface types (e.g. asphalt concrete or Portland cement concrete);
- Pavement conditions (e.g. good, fair, poor);
- Inspectors;
- Geographical areas, if applicable.

Systematic Re-inspections

For systematic re-inspections, this could be due to noticed trends such as specific treatment types (e.g. open-graded mixes), a specific inspector or geographical area. In such cases, more than 5% will be re-inspected.

Acceptability Criteria

At the time of re-inspection, the actual distresses will be re-inspected and verified, and any corrections made, if necessary. Distress types and severities must be the same, and re-measured quantities within $\pm 10\%$ of the original measured quantity.

If corrections are required on more than 10% of the re-inspected sample unit, then an additional 5% will be re-inspected. This will continue until more than 95% of the re-inspected sections meet the acceptability criteria.

2.2.2 PCI Comparison with Past Surveys

As another level of quality control, the new PCIs are compared with the previous PCIs. If they differ by more than ± 10 PCI points, these sections are automatically flagged for further investigation.

If PCI Increases 10 points

The section is investigated to see if a maintenance and rehabilitation event has occurred since the last survey, but which has not been recorded. Typically, it may include activities such as:

- Crack sealing activities – changes medium or high severity cracking to low severity
- Patching activities – alligator cracking that has been removed and patched, so that the resultant PCI is increased.

- Surface seals
- Overlay
- Others

Therefore, an up to date maintenance and rehabilitation history file in the *MicroPAVER pavement management* database is desirable, both for historical accuracy as well as to provide additional quality control.

If PCI decreases 10 points

The section is checked to see if the average deterioration rate (usually 3 to 4 points per year) is exceeded. If the drop in PCI is within range of what is acceptable, no further action is required. If the drop is more than the acceptable range, a re-inspection will be performed. The default performance curves in the *MicroPAVER program pavement management software* form the basis for what is acceptable.

2.3 Inspectors Qualifications and Experience

The **[Enter agency's name's]** inspectors have attended formal training on pavement condition distress surveys. This training was conducted prior to performing any work using the ASTM D6433 protocols, consistent with OCTA's requirements.

[Agency to fill in table]

Inspector Name	Date of ASTM D6433 Training	Training Conducted by

Resumes of technicians utilized are included in the Attachment.

3. SAFETY PROCEDURES

The **[Enter agency name]** administers a health and safety program in compliance with the Cal Occupational Safety and Health Administration (OSHA) Title VIII, Section 3203. The program is documented in **[Enter document name]**.

Generally, the safety procedures include **[Edit as applicable to agency]**:

- Inspectors to wear a Class 2 or 3 **[prescribed by agency]** safety vest at all times;
- Flashing beacon on all vehicles utilized for surveys; and
- Stopped vehicles to be parked at locations away from moving traffic (e.g. nearby parking, shoulders, etc.).

On streets where there is a high volume of traffic or high speeds, additional measures may be necessary, such as:

- Surveys to occur during off-peak periods or on weekends;
- Additional inspector to watch out for traffic; and
- Traffic flaggers in extreme cases.



Attachment

Resumes of Field Inspectors




[Insert resumes]



COMMITTEE TRANSMITTAL

January 26, 2015

To: Members of the Board of Directors
From:  Laurena Weinert, Clerk of the Board
Subject: Fourth Quarter 2014 Debt and Investment Report

Finance and Administration Committee Meeting of January 14, 2015

Present: Directors Jones, Lalloway, Spitzer, and Ury
Absent: Directors Hennessey and Pulido

Committee Vote

This item was passed by the Members present.

Committee Recommendation

Receive and file the Quarterly Debt and Investment Report prepared by the Treasurer as an information item.



January 14, 2015

To: Finance and Administration Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Fourth Quarter 2014 Debt and Investment Report

Overview

The California Government Code authorizes the Orange County Transportation Authority Treasurer to submit a quarterly investment report detailing the investment activity for the period. This investment report covers the fourth quarter of 2014, October through December, and includes a discussion on the Orange County Transportation Authority's debt portfolio.

Recommendation

Receive and file the Quarterly Debt and Investment Report prepared by the Treasurer as an information item.

Discussion

The Treasurer is currently managing the Orange County Transportation Authority's (OCTA) investment portfolio totaling \$1.3 billion as of December 31, 2014. The portfolio is divided into three managed portfolios: the liquid portfolio for immediate cash needs, bond proceeds portfolio to meet Measure M2 (M2) transportation program needs, and the short-term portfolio for future budgeted expenditures. In addition to these portfolios, OCTA has funds invested in debt service reserve funds for the 91 Express Lanes.

OCTA's debt portfolio had an outstanding principal balance of \$459 million as of December 31, 2014. Approximately 74 percent of the outstanding balance is comprised of M2 debt and 26 percent is associated with the 91 Express Lanes Program.

Economic Summary: The economy expanded in the third quarter of 2014 at a five percent annualized pace, the fastest since September 2003. Consumer spending, which accounts for almost 70 percent of the economy, grew at a 3.2 percent pace. Auto sales increased in 2014 to an annualized rate of

16.5 million units, as the nation's improving labor market combined with low interest rates and falling gasoline prices propelled the industry to its highest levels since the recession. The national unemployment rate dropped from 6.7 percent earlier in the calendar year to 5.8 percent in November.

Prospects for the first Federal Reserve (Fed) rate increase since 2006 have heightened amid widening evidence of United States (U.S.) economic growth. The Fed in December replaced a pledge in its policy statement that rates would be kept low for a "considerable time" with an assurance it would be "patient" in the timing of the first rate increase. Declining oil prices have also pushed inflation lower. The Fed's preferred gauge of price pressures, the Personal Consumption Expenditure, facing U.S. households rose a modest 1.2 percent in November from a year earlier and hasn't reached 2 percent since April 2012.

Debt Portfolio Activity: During the quarter, OCTA retired the outstanding balance of \$25 million for the M2 Tax-exempt Commercial Paper Program. The outstanding balances for each of OCTA's debt securities are presented in Attachment A.

Investment Portfolio Activity: The bond proceeds portfolio was scheduled to drawdown cash in the amount of \$8.1 million on January 5, 2015. The draw was revised on December 30, 2014 to \$2.4 million, or \$1.2 per investment manager. Cutwater Asset Management held 23 percent in money market funds in anticipation of the scheduled draw. The maximum allowable investment in the money market fund category is 20 percent in OCTA's 2014 Investment Policy (Policy). Language was added to the Policy during the 2014 revision to address occurrences when liquidity demands may result in a bond proceeds investment manager exceeding the allowable money market fund limits to meet a scheduled draw. In such instances, the occurrence will be documented and reported in the monthly and quarterly reporting.

Investment Portfolio Compliance: During the quarter, State Street Global Advisors (SSGA) was out of compliance. The combined balance of medium-term notes and variable rate securities exceeded the maximum asset allocation of 30 percent for medium-term notes by 0.25 percent. SSGA sold securities on November 20, 2014, to bring the portfolio into compliance by month-end. The investment policy requires that the manager be notified of the violation and be put on probation for a period of one year. OCTA continues its policy of reviewing the contents of the investment portfolio to ensure compliance. Attachment B provides a comparison of the portfolio holdings as of December 31, 2014, to the diversification guidelines of the policy.

Investment Portfolio Performance Versus Selected Benchmarks: OCTA uses Clearwater Analytics to calculate performance for each manager within the respective portfolios. The performance reports calculate monthly total rates of return based upon the market value of the portfolios they manage. The securities are marked-to-market daily based on pricing data provided by the custody banks.

OCTA has calculated the total returns for each of the investment managers for short-term operating monies and has compared the returns to specific benchmarks as shown in Attachment C. Attachment D contains an annualized total return performance comparison by investment manager for the previous two years. Attachment E provides a five-year yield comparison between the short-term portfolio managers, the Orange County Investment Pool, and the Local Agency Investment Fund.

The returns for OCTA's short-term operating monies are compared to the Bank of America Merrill Lynch (BAML) 1-3 year Treasury (Treasury) and the BAML 1-3 year AAA-A U.S. Corporate and Government (Corporate/Government) benchmarks. The BAML 1-3 year indices are among the most commonly used short-term fixed-income benchmarks. Each of the four managers invests in a combination of securities that all conform to the Policy. For the quarter ending December 31, 2014, the weighted average total return for OCTA's short-term portfolio was 0.18 percent, equaling both the Treasury and Corporate/Government benchmark returns of 0.18 percent. For the 12-month period ending December 31, 2014, the portfolio's return totaled 0.76 percent, exceeding the Treasury benchmark by 14 basis points and the Corporate/Government by 4 basis points for the same period.

The returns for OCTA's bond proceeds portfolio are compared to a customized benchmark comprised of treasury securities that match the projected draw schedule. Each of the two managers invest in a combination of securities that all conform to the Policy. For the quarter ending December 31, 2014, the weighted average total return for OCTA's bond proceeds portfolio was 0.01 percent, equaling the benchmark return of 0.01 percent. For the 12-month period ending December 31, 2014, the portfolio's return totaled 0.14 percent, 20 basis points above the benchmark return of -0.06 percent for the same period.

The fixed-income market is reacting to the possibility of the Fed tightening by the middle of 2015, creating a volatile treasury market on the short-end of the yield curve. Yields on two-year notes tend to track what the Fed does with the Fed Funds rate, the target for overnight loans between banks. Longer maturities are more influenced by the outlook for inflation, which retreated by

year-end due to falling oil prices. As a result, the yield curve flattened during 2014. The two-year treasury yields began the year at 0.38 percent, climbing to 0.67 percent by year-end. Conversely, the 30-year rate declined from 3.97 percent in January of 2014 to 2.75 percent in December.

The outperformance during the trailing 12 months for both the short-term and bond proceeds portfolios was a direct result of the yield provided by all non-government sectors and the ability to reinvest in the rising yield environment for shorter-term securities. Economic data will continue to facilitate rate changes on both ends of the yield curve. With OCTA's aggregate portfolio weighted average life at approximately 1.5 years, the portfolio will experience greater influence from the Fed activity at the short-end of the yield curve in the coming months.

A complete listing of all securities is provided in Attachment G. Each portfolio contains a description of the security, maturity date, book value, market value, and yield provided by Clearwater Analytics.

Cash Availability for the Next Six Months: OCTA has reviewed the cash requirements for the next six months. It has been determined that the liquid and the short-term portfolios can fund all projected expenditures during the next six months.

Summary

As required under the California Government Code, the Orange County Transportation Authority is submitting its quarterly debt and investment report to the Board of Directors. The report summarizes the Orange County Transportation Authority's debt and investment activities for the period October 2014 through December 2014.

Attachments

- A. Orange County Transportation Authority Outstanding Debt December 31, 2014.
- B. Orange County Transportation Authority Investment Policy Compliance December 31, 2014.
- C. Orange County Transportation Authority Short-term Portfolio Performance Review Quarter Ending December 31, 2014.
- D. Orange County Transportation Authority Short-term Portfolio Performance December 31, 2014.
- E. Orange County Transportation Authority Comparative Yield Performance December 31, 2014.
- F. Investment Manager Diversification and Maturity Schedules December 31, 2014.
- G. Orange County Transportation Authority Portfolio Listing as of December 31, 2014.

Prepared by:



Rodney Johnson
Deputy Treasurer
Treasury Public Finance
714-560-5675

Approved by:



Andrew Oftelie
Executive Director,
Finance and Administration
714-560-5649

**Orange County Transportation Authority
Outstanding Debt
December 31, 2014**

ATTACHMENT A

Orange County Local Transportation Authority (OCLTA) - M2 Program

	<u>Issued</u>	<u>Outstanding</u>	<u>Final Maturity</u>
2010 Series B Sales Tax Revenue Tax-Exempt Bonds	\$ 59,030,000	\$ 46,020,000	2020
2010 Series A Sales Tax Revenue Taxable Bonds	\$ 293,540,000	\$ 293,540,000	2041
Sub-total	\$ 352,570,000	\$ 339,560,000	

91 Express Lanes

	<u>Issued</u>	<u>Outstanding</u>	<u>Final Maturity</u>
2013 OCTA 91 Express Lanes Refunding Bonds	\$ 124,415,000	\$ 119,490,000	2030

TOTAL OUTSTANDING BALANCE **\$ 459,050,000**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Investment Policy Compliance
December 31, 2014

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Portfolio</u>	<u>Investment Policy Maximum Percentages</u>
U.S. Treasuries	\$582,541,439	46.4%	100%
Federal Agencies & U.S. Government Sponsored	110,404,606	8.8%	100%
State of California & Local Agencies	5,713,310	0.5%	25%
Money Market Funds & Mutual Funds	106,880,496	8.5%	20%
Bankers Acceptances	0	0.0%	30%
Negotiable Certificates of Deposit	14,200,000	1.1%	30%
Commercial Paper	10,808,456	0.9%	25%
Medium Term Maturity Corporate Securities	252,666,034	20.1%	30%
Mortgage and Asset-backed Securities	84,404,659	6.7%	10%
Repurchase Agreements	44,459,648	3.5%	75%
Investment Agreements Pursuant To Indenture	0	0.0%	100%
Local Agency Investment Fund	10,137,901	0.8%	\$ 40 Million
Orange County Investment Pool	22,424	0.0%	\$ 40 Million
CAMP	0	0.0%	10%
Variable & Floating Rate Securities	34,299,087	2.7%	30%
Debt Service Reserve Funds - Investment Agreements	0	0.0%	Not Applicable
Bank Deposits	0	0.0%	5%
Derivatives (hedging transactions only)	0	0.0%	5%
TOTAL	<u>\$1,256,538,060</u>	100.0%	

**Orange County Transportation Authority
Short-term Portfolio Performance Review*
Quarter Ending December 31, 2014**

Month Ending	Bank of America Merrill Lynch Treasury 1-3 Year Index Benchmark		Bank of America Merrill Lynch Gov/Corp 1-3 Year Index Benchmark		JP Morgan		Payden & Rygel		Western Asset Mgmt.		State Street Global Advisors	
	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration
10/31/2014	0.28%	1.90 years	0.26%	1.91 years	0.27%	1.82 years	0.24%	1.80 years	0.13%	1.41 years	0.22%	1.73 years
11/30/2014	0.14%	1.90 years	0.16%	1.91 years	0.20%	1.84 years	0.17%	1.77 years	0.16%	1.53 years	0.19%	1.77 years
12/31/2014	-0.24%	1.89 years	-0.25%	1.90 years	-0.22%	1.80 years	-0.21%	1.71 years	-0.18%	1.56 years	-0.22%	1.77 years
Oct 14 - Dec 14 Total Return	0.18%		0.18%		0.25%		0.19%		0.11%		0.18%	

HISTORICAL QUARTERLY RETURNS

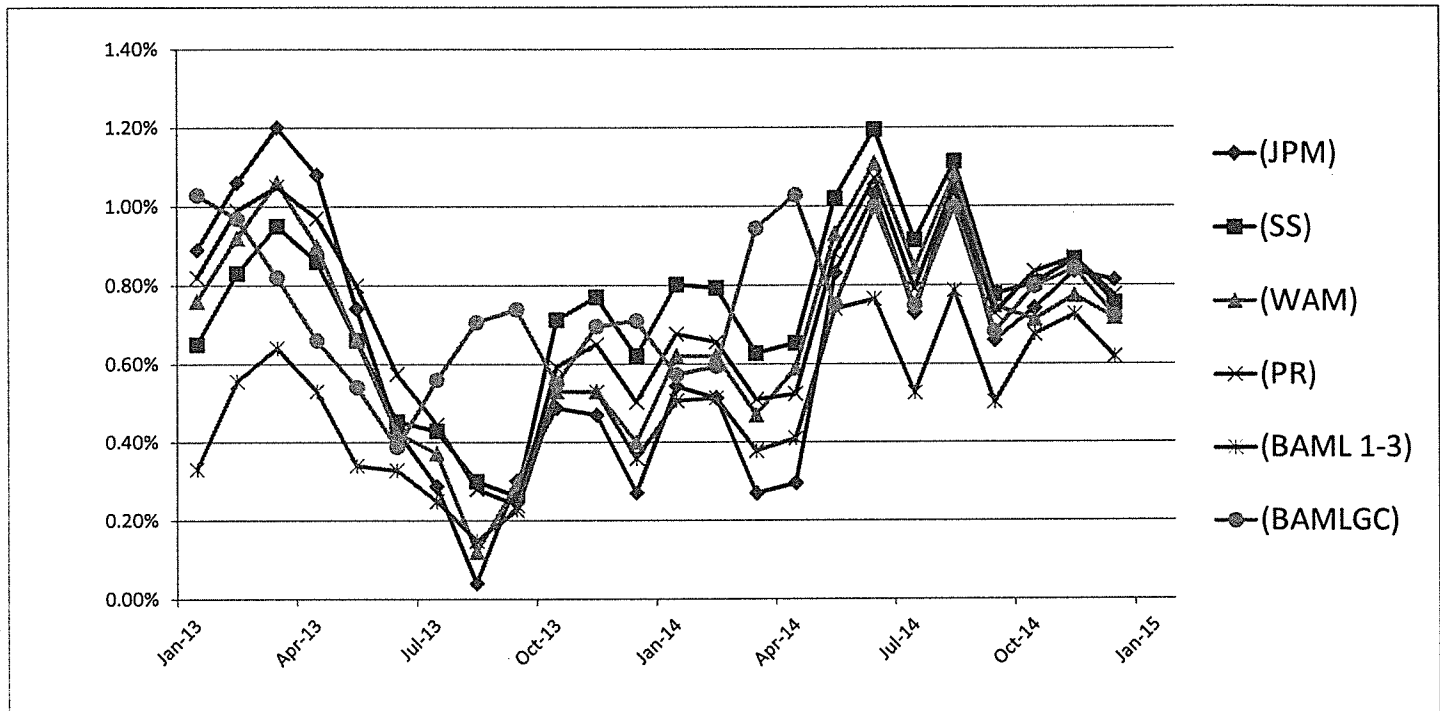
Jan 14 - Mar 14 Total Return	0.14%	0.20%	0.20%	0.21%	0.24%	0.23%
Apr 14 - Jun 14 Total Return	0.27%	0.31%	0.36%	0.34%	0.33%	0.31%
Jul 14 - Sep 14 Total Return	0.03%	0.03%	-0.01%	0.03%	0.04%	0.03%
Oct 14 - Dec 14 Total Return	0.18%	0.18%	0.25%	0.19%	0.11%	0.18%
12-Month Total Return	0.62%	0.72%	0.81%	0.78%	0.72%	0.76%

* - Month End Rates of Return are Gross of Fees

12-Mo Total Return (Net of Fees)	N/A	N/A	0.67%	0.64%	0.58%	0.66%
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Orange County Transportation Authority Short-Term Portfolio Performance December 31, 2014

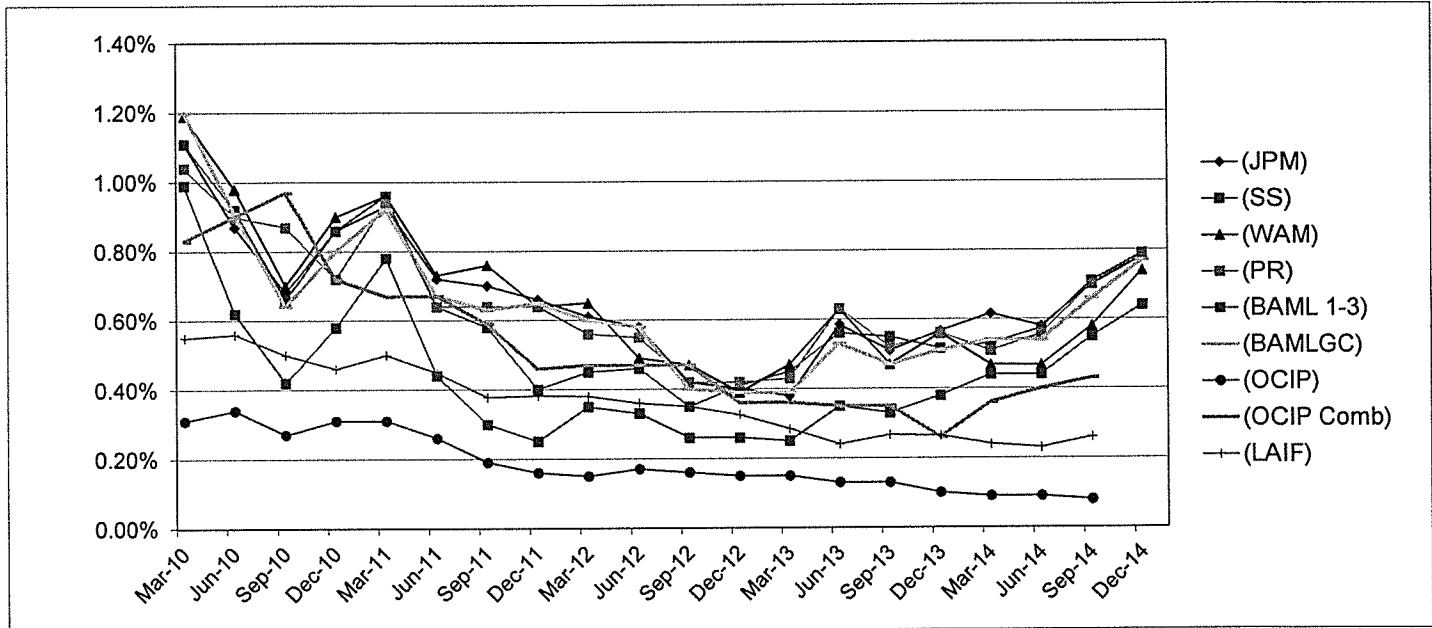
**Trailing 1-Year Total Return
Vs. The Bank of America Merrill Lynch (BAML) 1-3 Benchmarks**



	JP Morgan (JPM)	State Street (SS)	Western Asset Mgmt (WAM)	Payden Rygel (PR)	BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)
Jan-13	0.89%	0.65%	0.76%	0.82%	0.33%	1.03%
Feb-13	1.06%	0.83%	0.92%	0.99%	0.56%	0.97%
Mar-13	1.20%	0.95%	1.06%	1.05%	0.64%	0.82%
Apr-13	1.08%	0.86%	0.90%	0.97%	0.53%	0.66%
May-13	0.74%	0.66%	0.66%	0.80%	0.34%	0.54%
Jun-13	0.43%	0.45%	0.42%	0.57%	0.33%	0.39%
Jul-13	0.29%	0.43%	0.37%	0.45%	0.25%	0.56%
Aug-13	0.04%	0.30%	0.12%	0.28%	0.15%	0.71%
Sep-13	0.30%	0.26%	0.29%	0.24%	0.23%	0.74%
Oct-13	0.49%	0.71%	0.53%	0.59%	0.53%	0.55%
Nov-13	0.47%	0.77%	0.53%	0.65%	0.53%	0.70%
Dec-13	0.27%	0.62%	0.40%	0.50%	0.36%	0.71%
Jan-14	0.54%	0.80%	0.62%	0.68%	0.51%	0.57%
Feb-14	0.51%	0.79%	0.62%	0.66%	0.51%	0.59%
Mar-14	0.27%	0.63%	0.47%	0.51%	0.38%	0.94%
Apr-14	0.30%	0.65%	0.59%	0.52%	0.41%	1.03%
May-14	0.83%	1.02%	0.93%	0.88%	0.74%	0.75%
Jun-14	1.03%	1.20%	1.11%	1.07%	0.77%	1.00%
Jul-14	0.73%	0.91%	0.84%	0.79%	0.53%	0.75%
Aug-14	1.05%	1.11%	1.08%	1.05%	0.79%	1.00%
Sep-14	0.66%	0.78%	0.75%	0.73%	0.50%	0.68%
Oct-14	0.74%	0.81%	0.71%	0.83%	0.68%	0.80%
Nov-14	0.84%	0.87%	0.77%	0.87%	0.73%	0.84%
Dec-14	0.81%	0.76%	0.72%	0.78%	0.62%	0.72%

Orange County Transportation Authority Comparative Yield Performance December 31, 2014

**Historical Yields
Vs. The Bank of America Merrill Lynch (BAML) 1-3 Benchmarks**

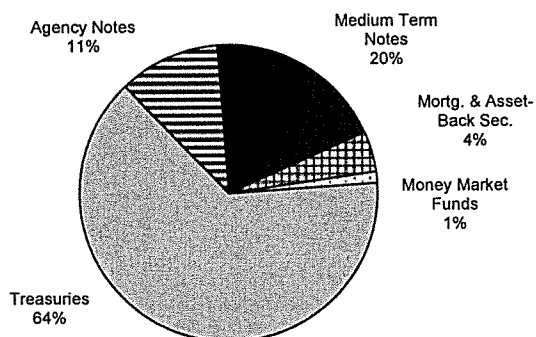


	JP Morgan (JPM)	State Street (SS)	Western Asset Mgmt (WAM)	Payden Rygel (PR)	BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)	(OCIP)	(OCIP Comb)	(LAIF)
Mar-10	1.11%	1.11%	1.19%	1.04%	0.99%	1.20%	0.31%	0.83%	0.55%
Jun-10	0.87%	0.92%	0.98%	0.90%	0.62%	0.91%	0.34%	0.90%	0.56%
Sep-10	0.68%	0.66%	0.70%	0.87%	0.42%	0.64%	0.27%	0.97%	0.50%
Dec-10	0.86%	0.86%	0.90%	0.72%	0.58%	0.80%	0.31%	0.72%	0.46%
Mar-11	0.93%	0.96%	0.96%	0.94%	0.78%	0.92%	0.31%	0.67%	0.50%
Jun-11	0.72%	0.64%	0.73%	0.64%	0.44%	0.67%	0.26%	0.67%	0.45%
Sep-11	0.70%	0.58%	0.76%	0.64%	0.30%	0.63%	0.19%	0.59%	0.38%
Dec-11	0.66%	0.40%	0.64%	0.64%	0.25%	0.65%	0.16%	0.46%	0.38%
Mar-12	0.61%	0.45%	0.65%	0.56%	0.35%	0.60%	0.15%	0.47%	0.38%
Jun-12	0.58%	0.46%	0.49%	0.55%	0.33%	0.58%	0.17%	0.47%	0.36%
Sep-12	0.42%	0.35%	0.47%	0.42%	0.26%	0.40%	0.16%	0.47%	0.35%
Dec-12	0.40%	0.41%	0.39%	0.42%	0.26%	0.39%	0.15%	0.36%	0.33%
Mar-13	0.38%	0.45%	0.47%	0.43%	0.25%	0.39%	0.15%	0.36%	0.29%
Jun-13	0.59%	0.56%	0.63%	0.63%	0.35%	0.53%	0.13%	0.35%	0.24%
Sep-13	0.51%	0.55%	0.47%	0.52%	0.33%	0.47%	0.13%	0.35%	0.27%
Dec-13	0.57%	0.52%	0.56%	0.56%	0.38%	0.51%	0.10%	0.26%	0.26%
Mar-14	0.62%	0.53%	0.47%	0.51%	0.44%	0.54%	0.09%	0.36%	0.24%
Jun-14	0.58%	0.57%	0.47%	0.56%	0.44%	0.54%	0.09%	0.40%	0.23%
Sep-14	0.70%	0.71%	0.58%	0.70%	0.55%	0.66%	0.08%	0.43%	0.26%
Dec-14	0.78%	0.79%	0.74%	0.79%	0.64%	0.77%	N/A	N/A	N/A

Investment Manager Diversification and Maturity Schedules

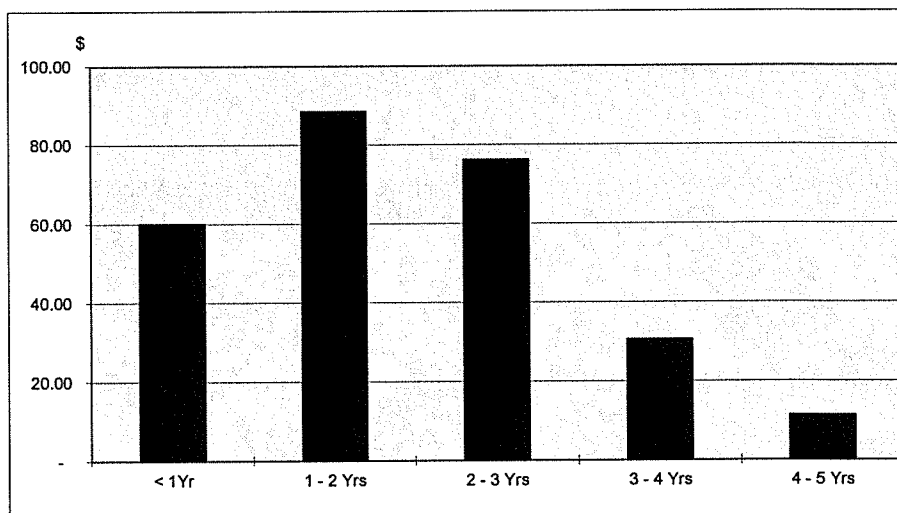
**JP Morgan
December 31, 2014**

SHORT-TERM PORTFOLIO (\$266.7 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$170,618,837	\$169,184,214
Agency Notes	29,197,429	27,823,376
Medium Term Notes	51,885,794	50,813,277
Mortg. & Asset-Back Sec.	11,704,097	11,681,898
Money Market Funds	<u>3,288,877</u>	<u>3,288,877</u>
	<u>\$266,695,035</u>	<u>\$262,791,641</u>

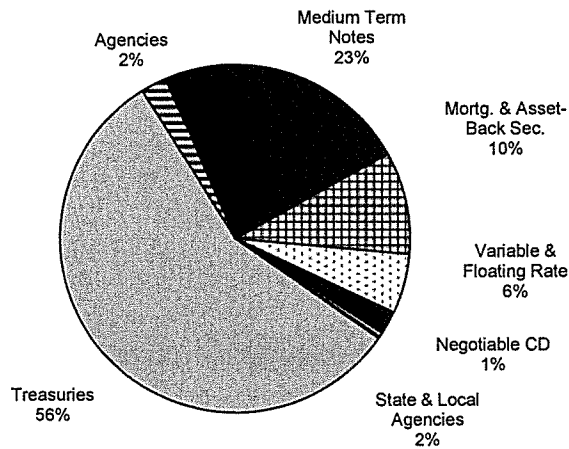
Wtd Avg Life	1.85 Yrs
Duration	1.80 Yrs
Quarter-end Yield	0.78%
TSY Benchmark	0.64%
Gov/Corp Benchmark	0.77%
Quarter Return	0.25%
TSY Benchmark	0.18%
Gov/Corp Benchmark	0.18%
12 Month Return	0.81%
TSY Benchmark	0.62%
Gov/Corp Benchmark	0.72%



Investment Manager Diversification and Maturity Schedules

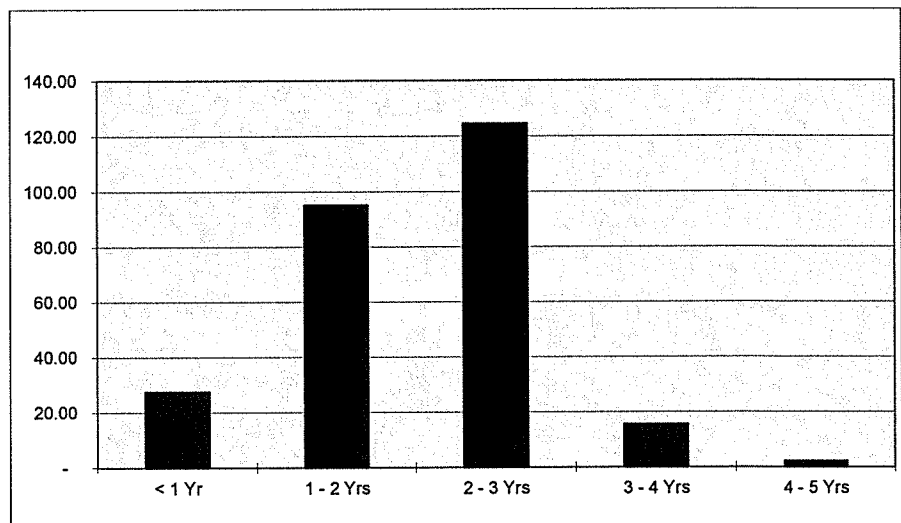
Payden & Rygel
December 31, 2014

SHORT-TERM PORTFOLIO (\$265.1 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$149,598,531	\$149,567,554
Agencies	6,293,635	6,291,729
Medium Term Notes	62,074,437	61,800,071
Mortg. & Asset-Back Sec.	25,179,683	25,089,012
Variable & Floating Rate	14,655,520	14,666,144
State & Local Agencies	5,713,310	5,709,647
Negotiable CD	1,200,000	1,200,084
Money Market Funds	424,235	424,235
	<u>\$265,139,351</u>	<u>\$264,748,476</u>

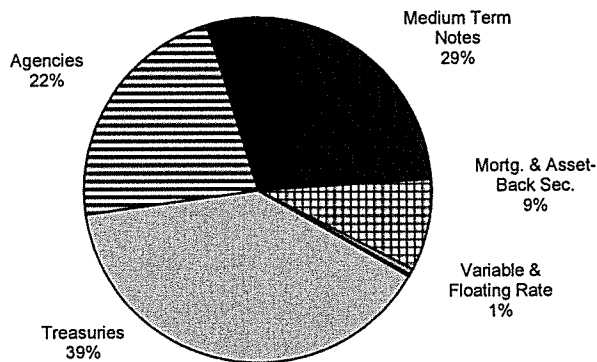
Wtd Avg Life	1.86 Yrs
Duration	1.71 Yrs
Quarter-end Yield	0.79%
TSY Benchmark	0.64%
Gov/Corp Benchmark	0.77%
Quarter Return	0.19%
TSY Benchmark	0.18%
Gov/Corp Benchmark	0.18%
12 Month Return	0.78%
TSY Benchmark	0.62%
Gov/Corp Benchmark	0.72%



Investment Manager Diversification and Maturity Schedules

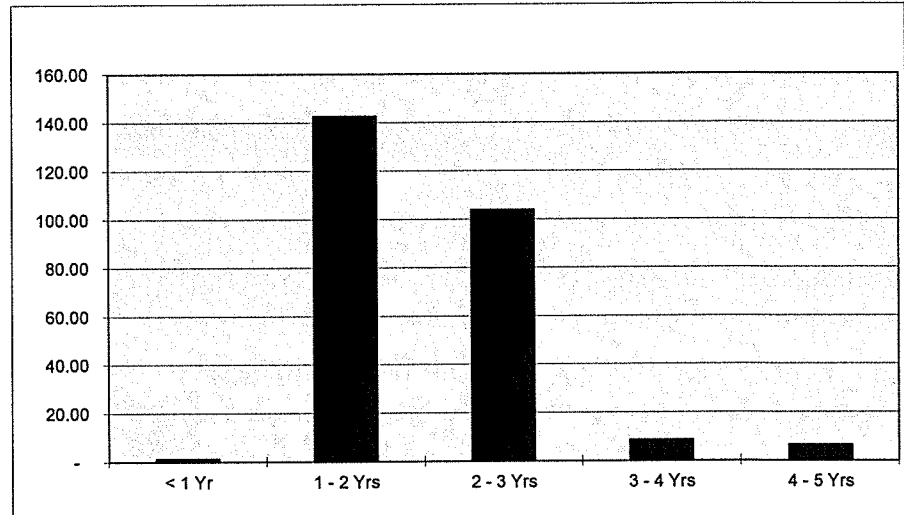
State Street
December 31, 2014

SHORT-TERM PORTFOLIO (\$262.8 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$103,732,077	\$103,725,072
Agencies	59,195,375	59,041,675
Medium Term Notes	75,309,922	75,093,365
Mortg. & Asset-Back Sec.	22,567,303	22,560,514
Variable & Floating Rate	1,500,000	1,511,775
Money Market Funds	<u>495,345</u>	<u>495,345</u>
	<u>\$262,800,022</u>	<u>\$262,427,746</u>

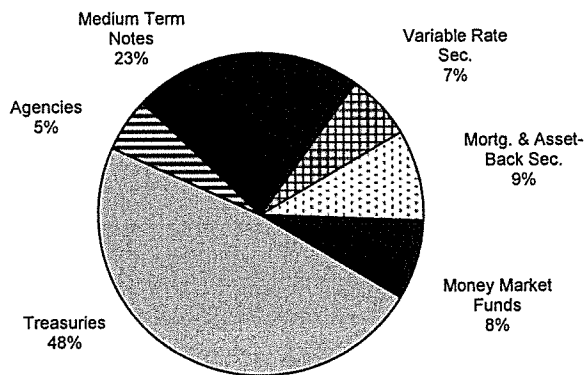
Wtd Avg Life	1.81 Yrs
Duration	1.77 Yrs
Quarter-end Yield	0.79%
TSY Benchmark	0.64%
Gov/Corp Benchmark	0.77%
Quarter Return	0.18%
TSY Benchmark	0.18%
Gov/Corp Benchmark	0.18%
12 Month Return	0.76%
TSY Benchmark	0.62%
Gov/Corp Benchmark	0.72%



Investment Manager Diversification and Maturity Schedules

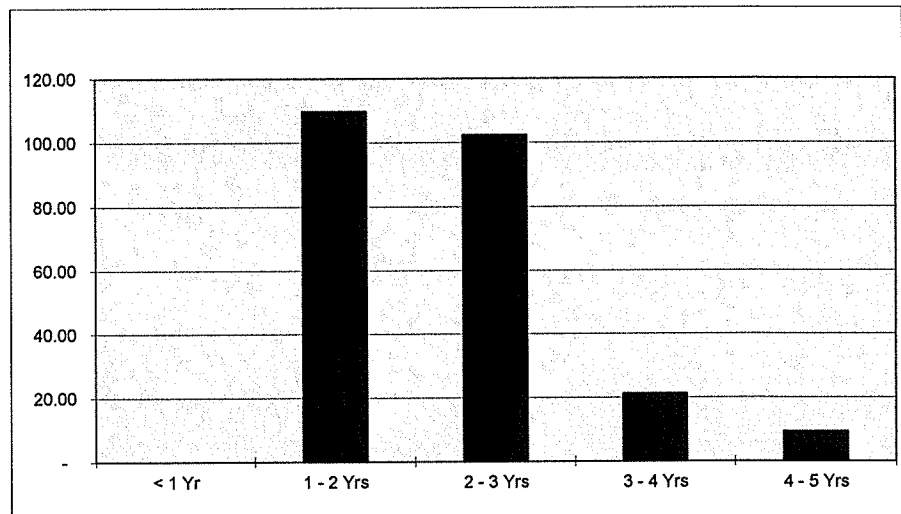
Western Asset Management December 31, 2014

SHORT-TERM PORTFOLIO (\$271.5 M)



	Book Value	Market Value
Treasuries	\$130,789,817	\$130,865,540
Agencies	\$14,643,360	14,284,260
Medium Term Notes	61,866,557	61,315,630
Variable Rate Sec.	17,813,567	17,842,040
Mortg. & Asset-Back Sec.	24,608,904	24,520,038
Money Market Funds	<u>21,816,423</u>	<u>21,816,423</u>
	<u>\$271,538,628</u>	<u>\$270,643,932</u>

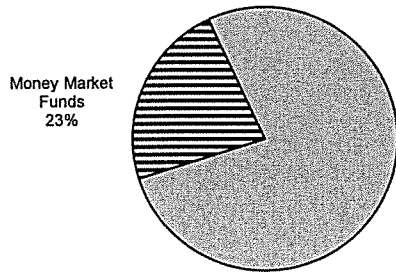
Wtd Avg Life	1.83 Yrs
Duration	1.56 Yrs
Quarter-end Yield	0.74%
TSY Benchmark	0.64%
Gov/Corp Benchmark	0.77%
Quarter Return	0.11%
TSY Benchmark	0.18%
Gov/Corp Benchmark	0.18%
12 Month Return	0.72%
TSY Benchmark	0.62%
Gov/Corp Benchmark	0.72%



Investment Manager Diversification and Maturity Schedules

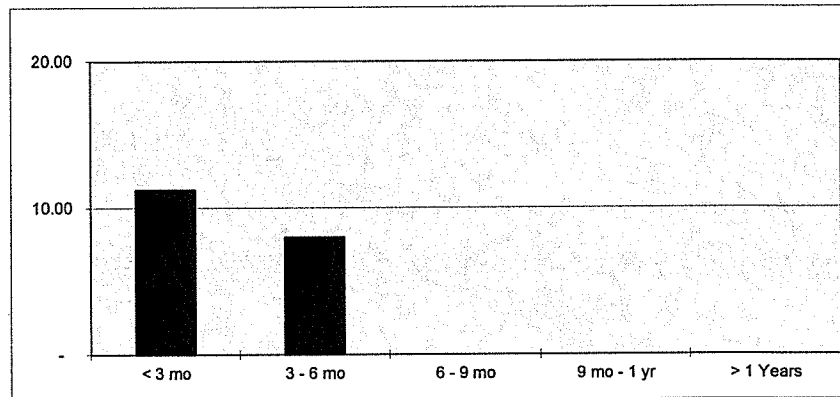
Cutwater
December 31, 2014

BOND PROCEEDS PORTFOLIO (\$19.2 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$ 14,829,117	\$14,811,161
Money Market Funds	<u>4,400,389</u>	<u>4,400,389</u>
	<u>\$ 19,229,506</u>	<u>\$ 19,211,550</u>

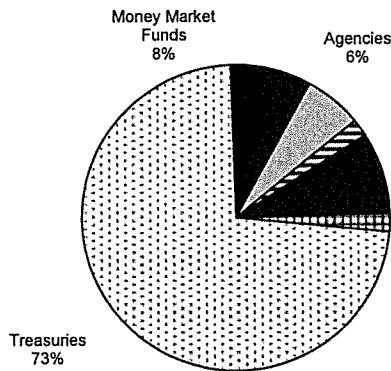
Wtd Avg Life	0.15 Yrs
Duration	0.15 Yrs
Quarter-end Yield	0.08%
Benchmark Comparison	0.00%
Quarter Return	0.01%
Benchmark Comparison	0.01%
12 Month Return	0.07%
Benchmark Comparison	-0.06%



Investment Manager Diversification and Maturity Schedules

Logan Circle
December 31, 2014

BOND PROCEEDS PORTFOLIO (\$17.8 M)



Variable Rate Sec. 2%
 Medium Term Notes 9%
 Mortg. & Asset-Back Sec. 2%

Agencies
 Variable Rate Sec.
 Medium Term Notes
 Mortg. & Asset-Back Sec.
 Treasuries
 Money Market Funds

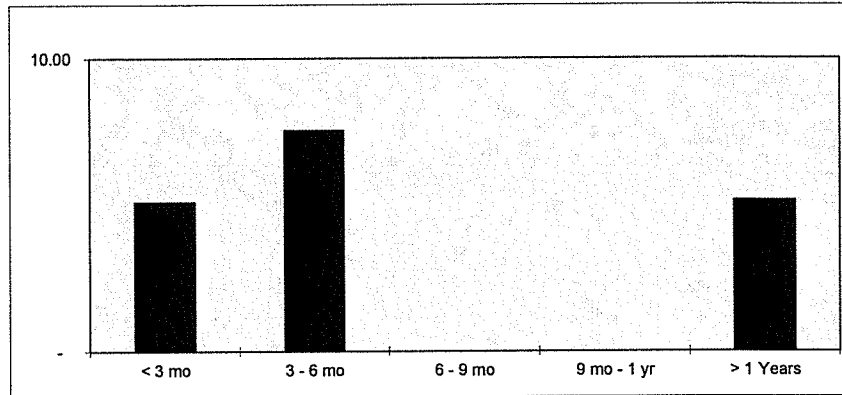
	<u>Book Value</u>	<u>Market Value</u>
Agencies	1,074,806	1,074,971
Variable Rate Sec.	330,000	330,099
Medium Term Notes	1,529,325	1,501,043
Mortg. & Asset-Back Sec.	344,671	344,920
Treasuries	12,973,060	12,964,410
Money Market Funds	<u>1,519,525</u>	<u>1,519,525</u>
	<u>\$17,771,388</u>	<u>\$17,734,968</u>

Wtd Avg Life Duration 0.40 Yrs
 0.16 Yrs

Quarter-end Yield 0.16%
 Benchmark Comparison 0.00%

Quarter Return 0.02%
 Benchmark Comparison 0.01%

12 Month Return 0.22%
 Benchmark Comparison -0.06%



**Orange County Transportation Authority
Portfolio Listing
As of December 31, 2014**

LIQUID PORTFOLIO

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
<u>CASH EQUIVALENTS</u>				
REPURCHASE AGREEMENT	1/2/2015	44,459,647.85	44,459,647.85	0.05%
FEDERATED PRIME OBLIGATIONS FUND	N/A	18,665,472.04	18,665,472.04	0.02%
FIDELITY PRIME OBLIGATIONS FUND	N/A	56,270,220.80	56,270,220.80	0.01%
FIRST AMERICAN TREAS OBLIGATIONS	N/A	9.11	9.11	0.01%
SUB-TOTAL		<u>119,395,349.80</u>	<u>119,395,349.80</u>	
<u>LOCAL AGENCY INVESTMENT FUND (LAIF)</u>	N/A	10,137,900.67	10,137,900.67	N/A
<u>ORANGE COUNTY INVESTMENT POOL (OCIP)</u>	N/A	22,424.26	22,424.26	N/A
LIQUID PORTFOLIO - TOTAL		<u>\$ 129,555,674.73</u>	<u>\$ 129,555,674.73</u>	

BOND PROCEEDS PORTFOLIO

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
<u>CASH EQUIVALENTS / COMMERCIAL PAPER</u>				
FIDELITY PRIME OBLIGATIONS FUND	N/A	<u>5,919,914.22</u>	<u>5,919,914.22</u>	0.03%
SUB-TOTAL		<u>5,919,914.22</u>	<u>5,919,914.22</u>	
<u>U.S. GOVERNMENT & AGENCY OBLIGATIONS</u>				
FANNIE DISCOUNT NOTE	3/2/2015	574,847.38	574,971.25	0.03%
FED HOME LN DISCOUNT NT	1/2/2015	499,959.03	500,000.00	0.00%
TREASURY BILL	1/2/2015	1,499,980.66	1,500,000.00	0.00%
TREASURY BILL	4/23/2015	1,899,871.77	1,899,779.60	0.04%
US TREASURY FRN	1/31/2016	949,592.38	949,743.50	0.11%
US TREASURY FRN	1/31/2016	299,876.95	299,919.00	0.11%
US TREASURY FRN	1/31/2016	249,952.14	249,932.50	0.11%
US TREASURY FRN	4/30/2016	1,550,336.42	1,549,922.50	0.11%
US TREASURY N/B	1/31/2015	1,501,171.88	1,500,180.00	0.10%
US TREASURY N/B	1/31/2015	4,003,593.75	4,000,480.00	0.10%
US TREASURY N/B	2/15/2015	300,257.81	300,057.00	0.09%
US TREASURY N/B	2/15/2015	50,042.97	50,009.50	0.09%
US TREASURY N/B	2/15/2015	1,151,078.13	1,150,218.50	0.09%
US TREASURY N/B	2/28/2015	2,321,382.81	2,308,266.20	0.13%
US TREASURY N/B	2/28/2015	2,500,976.56	2,500,675.00	0.08%
US TREASURY N/B	3/15/2015	1,502,343.75	1,500,937.50	0.06%
US TREASURY N/B	3/31/2015	1,008,281.25	1,005,820.00	0.12%
US TREASURY N/B	3/31/2015	3,002,343.75	3,001,050.00	0.11%
US TREASURY N/B	4/30/2015	1,010,273.44	1,007,890.00	0.10%
US TREASURY N/B	4/30/2015	<u>3,000,820.31</u>	<u>3,000,690.00</u>	0.06%
SUB-TOTAL		<u>28,876,983.14</u>	<u>28,850,542.05</u>	
<u>MEDIUM TERM NOTES</u>				
BANK OF NEW YORK MELLON	2/20/2015	756,232.50	750,247.50	0.72%
UBS AG STAMFORD CT	1/15/2015	<u>773,092.50</u>	<u>750,795.00</u>	1.13%
SUB-TOTAL		<u>1,529,325.00</u>	<u>1,501,042.50</u>	
<u>VARIABLE RATE NOTES</u>				
NATIONAL RURAL UTIL COOP	5/27/2016	<u>330,000.00</u>	<u>330,099.00</u>	0.47%
SUB-TOTAL		<u>330,000.00</u>	<u>330,099.00</u>	
<u>MORTGAGE AND ASSET-BACK SECURITIES</u>				
TAOT 2012-B A3	7/15/2016	32,969.53	32,954.14	0.40%

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TAOT 2012-B A3	7/15/2016	43,868.43	43,938.86	0.40%
TAOT 2012-B A3	7/15/2016	259,066.71	259,239.27	0.40%
TAOT 2012-B A3	7/15/2016	8,766.82	8,787.77	0.40%
<i>SUB-TOTAL</i>		<u>344,671.49</u>	<u>344,920.04</u>	
BOND PROCEEDS PORTFOLIO - TOTAL		<u>\$ 37,000,893.85</u>	<u>\$ 36,946,517.81</u>	

SHORT-TERM PORTFOLIO

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
<u>CASH EQUIVALENTS</u>				
CITIBANK NEGOTIABLE CERTIFICATE OF DEPOSIT	5/7/2015	1,200,000.00	1,200,084.00	0.28%
BLACKROCK INSTITUTIONAL FUNDS	N/A	<u>26,024,880.08</u>	<u>26,024,880.08</u>	0.03%
<i>SUB-TOTAL</i>		<u>27,224,880.08</u>	<u>27,224,964.08</u>	
<u>U.S. GOVERNMENT & AGENCY OBLIGATIONS</u>				
FANNIE MAE	4/27/2017	141,170.40	140,781.20	0.88%
FANNIE MAE	5/27/2015	199,692.60	200,224.00	0.22%
FANNIE MAE	9/28/2016	450,418.95	454,594.50	0.66%
FANNIE MAE	10/26/2015	518,058.50	505,690.00	0.23%
FANNIE MAE	3/8/2016	523,765.00	509,375.00	0.41%
FANNIE MAE	12/15/2016	589,210.00	539,885.00	0.76%
FANNIE MAE	9/15/2016	612,310.72	603,517.60	0.66%
FANNIE MAE	10/15/2015	677,679.60	619,434.00	0.26%
FANNIE MAE	7/28/2015	827,195.20	809,928.00	0.21%
FANNIE MAE	6/12/2017	913,792.00	884,456.00	1.00%
FANNIE MAE	3/15/2016	1,043,640.00	1,020,960.00	0.50%
FANNIE MAE	4/15/2015	1,137,362.00	1,013,850.00	0.20%
FANNIE MAE	3/30/2016	1,153,019.10	1,160,820.14	0.03%
FANNIE MAE	3/30/2016	1,383,421.10	1,393,185.35	0.03%
FANNIE MAE	10/15/2015	1,472,215.50	1,393,726.50	0.26%
FANNIE MAE	2/13/2017	1,963,710.29	1,956,978.00	0.83%
FANNIE MAE	3/30/2016	2,996,580.00	3,017,730.00	0.03%
FANNIE MAE	3/30/2016	3,457,054.46	3,481,454.51	0.03%
FANNIE MAE	4/15/2015	4,558,884.00	4,055,400.00	0.20%
FANNIE MAE	4/11/2016	5,325,000.00	5,123,250.00	0.44%
FEDERAL HOME LOAN BANK	12/16/2016	244,167.00	238,216.00	0.50%
FEDERAL HOME LOAN BANK	9/28/2016	449,207.10	448,807.50	0.65%
FEDERAL HOME LOAN BANK	9/28/2016	573,180.12	573,476.25	0.65%
FEDERAL HOME LOAN BANK	3/13/2015	680,132.50	638,206.75	0.22%
FEDERAL HOME LOAN BANK	3/11/2016	2,446,625.00	2,372,404.00	0.48%
FEDERAL HOME LOAN BANK	9/28/2016	2,644,037.50	2,642,977.50	0.65%
FEDERAL HOME LOAN BANK	4/28/2017	2,660,973.75	2,653,672.50	1.02%
FEDERAL HOME LOAN BANK	11/23/2016	2,718,912.00	2,716,790.40	0.69%
FEDERAL HOME LOAN BANK	2/19/2016	2,994,150.00	2,999,040.00	0.40%
FEDERAL HOME LOAN BANK	3/11/2016	4,348,200.00	4,125,920.00	0.48%
FEDERAL HOME LOAN BANK	9/28/2016	4,980,924.65	4,986,750.00	0.65%
FEDERAL HOME LOAN BANK	6/24/2016	4,985,775.00	4,987,800.00	0.54%
FEDERAL HOME LOAN BANK	9/28/2016	6,984,250.00	6,981,450.00	0.65%
FREDDIE MAC	8/25/2016	56,961.30	56,313.40	0.54%
FREDDIE MAC	5/12/2017	60,711.08	60,444.60	0.93%
FREDDIE MAC	3/8/2017	180,997.20	180,522.00	0.87%
FREDDIE MAC	8/25/2016	321,244.63	317,402.80	0.54%
FREDDIE MAC	5/27/2016	334,835.48	334,187.75	0.48%
FREDDIE MAC	7/28/2017	349,569.50	349,867.00	1.01%
FREDDIE MAC	5/27/2016	419,306.80	411,308.00	0.48%
FREDDIE MAC	5/27/2016	1,031,249.00	1,028,270.00	0.48%
FREDDIE MAC	8/25/2016	1,033,230.00	1,023,880.00	0.54%
FREDDIE MAC	4/18/2016	1,038,708.00	955,350.00	0.49%

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FREDDIE MAC	3/8/2017	5,043,070.00	5,014,500.00	0.87%
FREDDIE MAC	8/25/2016	6,321,780.00	6,143,280.00	0.54%
FREDDIE MAC	3/15/2016	6,496,620.00	6,492,330.00	0.50%
FREDDIE MAC	5/13/2016	7,010,234.00	7,002,450.00	0.47%
FREDDIE MAC	5/27/2016	11,987,945.00	11,825,105.00	0.48%
NCUA GUARANTEED NOTES	6/12/2015	988,623.90	995,078.70	0.25%
US TREASURY N/B	8/31/2016	60,377.34	60,450.00	0.55%
US TREASURY N/B	6/30/2016	80,071.88	81,206.40	0.49%
US TREASURY N/B	1/31/2017	100,253.90	100,289.00	0.73%
US TREASURY N/B	1/15/2017	139,453.13	140,098.00	0.72%
US TREASURY N/B	4/30/2018	149,121.09	146,953.50	1.25%
US TREASURY N/B	2/29/2016	149,725.12	153,070.50	0.36%
US TREASURY N/B	5/31/2016	156,628.71	157,821.00	0.46%
US TREASURY N/B	7/31/2016	161,943.75	162,449.60	0.53%
US TREASURY N/B	3/31/2017	176,155.27	175,738.50	0.81%
US TREASURY N/B	11/30/2017	196,859.37	197,438.00	1.07%
US TREASURY N/B	10/31/2017	197,867.19	198,406.00	1.04%
US TREASURY N/B	11/30/2017	198,812.50	197,438.00	1.07%
US TREASURY N/B	1/31/2019	198,984.37	198,078.00	1.49%
US TREASURY N/B	11/30/2016	200,679.69	200,876.00	0.64%
US TREASURY N/B	12/31/2015	201,797.54	203,640.00	0.30%
US TREASURY N/B	7/31/2015	202,992.86	201,836.00	0.17%
US TREASURY N/B	7/31/2015	207,875.00	201,836.00	0.17%
US TREASURY N/B	10/31/2016	225,192.19	219,515.10	0.63%
US TREASURY N/B	11/15/2015	226,968.75	207,328.00	0.28%
US TREASURY N/B	9/30/2016	227,355.46	226,651.50	0.58%
US TREASURY N/B	1/31/2016	228,275.77	234,096.30	0.35%
US TREASURY N/B	11/30/2015	246,026.23	252,500.00	0.28%
US TREASURY N/B	1/31/2019	247,226.56	247,597.50	1.49%
US TREASURY N/B	9/30/2015	250,498.88	251,915.00	0.22%
US TREASURY N/B	11/30/2016	265,797.07	266,160.70	0.64%
US TREASURY N/B	12/31/2016	281,651.56	281,050.00	0.69%
US TREASURY N/B	4/30/2018	294,937.50	293,907.00	1.25%
US TREASURY N/B	7/31/2017	297,621.10	296,601.00	0.95%
US TREASURY N/B	11/30/2016	299,636.72	299,250.00	0.63%
US TREASURY N/B	9/30/2017	299,929.68	296,790.00	1.02%
US TREASURY N/B	11/30/2017	300,117.19	296,157.00	1.07%
US TREASURY N/B	1/31/2017	300,128.91	300,867.00	0.73%
US TREASURY N/B	11/30/2017	300,339.84	296,157.00	1.07%
US TREASURY N/B	2/29/2016	302,977.57	306,141.00	0.36%
US TREASURY N/B	2/29/2016	308,560.02	316,345.70	0.36%
US TREASURY N/B	5/31/2016	309,375.00	305,460.00	0.46%
US TREASURY N/B	2/29/2016	309,407.67	316,345.70	0.36%
US TREASURY N/B	5/31/2016	312,216.01	315,642.00	0.46%
US TREASURY N/B	1/31/2016	316,019.53	305,343.00	0.35%
US TREASURY N/B	7/31/2017	317,225.00	316,374.40	0.95%
US TREASURY N/B	11/30/2016	319,394.53	311,883.00	0.66%
US TREASURY N/B	9/30/2016	320,601.56	312,564.00	0.58%
US TREASURY N/B	10/31/2016	326,180.66	327,336.75	0.60%
US TREASURY N/B	3/31/2016	326,889.85	312,530.45	0.38%
US TREASURY N/B	8/31/2016	327,500.98	327,437.50	0.55%
US TREASURY N/B	7/31/2016	330,217.77	329,975.75	0.53%
US TREASURY N/B	1/31/2017	333,229.82	325,450.40	0.71%
US TREASURY N/B	2/28/2018	349,166.02	345,187.50	1.19%
US TREASURY N/B	10/31/2016	352,843.75	352,516.50	0.60%
US TREASURY N/B	4/30/2017	369,167.50	370,432.90	0.82%
US TREASURY N/B	6/30/2019	386,234.38	390,344.00	1.56%
US TREASURY N/B	4/30/2018	389,765.62	391,876.00	1.25%
US TREASURY N/B	12/31/2016	390,289.45	391,462.50	0.69%
US TREASURY N/B	9/30/2017	395,218.75	395,720.00	1.02%
US TREASURY N/B	6/30/2016	395,328.13	406,032.00	0.49%

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US TREASURY N/B	10/31/2017	396,515.62	396,812.00	1.04%
US TREASURY N/B	7/31/2017	396,578.12	395,468.00	0.95%
US TREASURY N/B	7/31/2017	397,125.00	395,468.00	0.95%
US TREASURY N/B	11/15/2015	397,769.53	362,824.00	0.28%
US TREASURY N/B	9/30/2017	400,234.38	395,720.00	1.02%
US TREASURY N/B	1/31/2018	400,781.25	396,780.00	1.14%
US TREASURY N/B	10/31/2017	403,067.19	388,937.60	1.03%
US TREASURY N/B	1/15/2017	409,727.73	410,287.00	0.72%
US TREASURY N/B	6/30/2015	410,937.50	403,436.00	0.15%
US TREASURY N/B	7/31/2017	420,179.60	414,532.00	0.95%
US TREASURY N/B	10/31/2017	423,703.12	409,408.00	1.03%
US TREASURY N/B	1/31/2017	437,437.50	419,936.00	0.71%
US TREASURY N/B	2/29/2016	460,199.19	469,416.20	0.36%
US TREASURY N/B	3/31/2016	476,434.80	455,987.05	0.38%
US TREASURY N/B	4/30/2016	486,738.28	463,149.00	0.42%
US TREASURY N/B	11/30/2018	493,847.65	496,485.00	1.44%
US TREASURY N/B	5/31/2017	494,191.41	470,497.50	0.84%
US TREASURY N/B	7/31/2017	495,722.65	494,335.00	0.95%
US TREASURY N/B	2/29/2016	499,023.44	499,375.00	0.36%
US TREASURY N/B	9/30/2016	499,375.00	503,670.00	0.58%
US TREASURY N/B	8/31/2017	500,058.59	495,235.00	0.99%
US TREASURY N/B	9/30/2017	500,488.28	494,650.00	1.02%
US TREASURY N/B	1/31/2019	500,683.60	500,195.00	1.49%
US TREASURY N/B	3/31/2017	500,898.43	502,110.00	0.81%
US TREASURY N/B	9/30/2016	501,035.15	503,670.00	0.58%
US TREASURY N/B	10/31/2016	502,519.53	503,595.00	0.60%
US TREASURY N/B	9/30/2016	502,597.65	503,670.00	0.58%
US TREASURY N/B	8/31/2016	502,597.66	503,750.00	0.55%
US TREASURY N/B	8/31/2016	502,910.15	503,750.00	0.55%
US TREASURY N/B	3/31/2017	502,929.69	502,110.00	0.81%
US TREASURY N/B	10/31/2017	513,247.26	505,935.30	1.04%
US TREASURY N/B	10/31/2015	513,339.85	504,025.00	0.28%
US TREASURY N/B	7/31/2017	520,937.50	518,165.00	0.95%
US TREASURY N/B	6/30/2015	524,296.87	504,295.00	0.15%
US TREASURY N/B	1/31/2016	525,917.96	508,905.00	0.35%
US TREASURY N/B	4/30/2015	532,285.16	503,945.00	0.10%
US TREASURY N/B	8/31/2019	534,166.01	535,001.50	1.61%
US TREASURY N/B	7/31/2017	537,558.59	518,165.00	0.95%
US TREASURY N/B	5/31/2018	545,810.54	544,670.50	1.29%
US TREASURY N/B	1/31/2018	550,000.00	545,572.50	1.14%
US TREASURY N/B	8/15/2015	553,613.28	512,520.00	0.22%
US TREASURY N/B	6/30/2016	565,919.92	558,294.00	0.49%
US TREASURY N/B	6/30/2019	581,109.38	585,516.00	1.56%
US TREASURY N/B	8/15/2015	587,118.17	538,146.00	0.22%
US TREASURY N/B	11/30/2017	590,367.19	592,314.00	1.07%
US TREASURY N/B	10/31/2017	593,687.50	573,171.20	1.03%
US TREASURY N/B	5/31/2017	594,316.40	564,597.00	0.84%
US TREASURY N/B	7/31/2017	594,687.50	569,981.50	0.95%
US TREASURY N/B	4/30/2017	598,289.06	600,702.00	0.82%
US TREASURY N/B	12/31/2017	598,570.32	593,670.00	1.11%
US TREASURY N/B	6/15/2015	599,648.44	600,702.00	0.12%
US TREASURY N/B	9/30/2017	600,117.18	593,580.00	1.02%
US TREASURY N/B	11/30/2017	600,117.19	592,314.00	1.07%
US TREASURY N/B	10/31/2017	600,820.32	595,218.00	1.04%
US TREASURY N/B	7/31/2016	606,750.00	609,186.00	0.53%
US TREASURY N/B	1/31/2016	607,278.12	590,329.80	0.35%
US TREASURY N/B	7/31/2016	615,023.44	609,186.00	0.53%
US TREASURY N/B	11/30/2015	618,703.13	606,000.00	0.28%
US TREASURY N/B	10/31/2017	636,726.56	614,112.00	1.03%
US TREASURY N/B	8/15/2015	647,613.28	650,253.50	0.19%
US TREASURY N/B	8/15/2015	648,171.88	650,253.50	0.19%

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US TREASURY N/B	4/30/2018	649,212.89	636,798.50	1.25%
US TREASURY N/B	1/31/2018	651,294.92	644,767.50	1.14%
US TREASURY N/B	1/31/2017	651,498.05	651,878.50	0.73%
US TREASURY N/B	2/15/2016	673,078.13	627,798.00	0.36%
US TREASURY N/B	10/31/2018	676,520.32	675,593.60	1.42%
US TREASURY N/B	8/31/2016	676,845.70	680,062.50	0.55%
US TREASURY N/B	9/30/2018	678,910.94	679,360.80	1.40%
US TREASURY N/B	8/31/2017	690,894.53	693,329.00	0.99%
US TREASURY N/B	12/31/2017	692,070.31	692,615.00	1.11%
US TREASURY N/B	12/31/2018	692,207.03	700,931.00	1.47%
US TREASURY N/B	9/30/2017	692,261.72	692,510.00	1.02%
US TREASURY N/B	11/30/2018	695,132.82	695,079.00	1.44%
US TREASURY N/B	6/30/2016	695,187.50	710,556.00	0.49%
US TREASURY N/B	5/31/2017	698,277.34	696,010.00	0.86%
US TREASURY N/B	1/31/2018	699,945.31	694,365.00	1.14%
US TREASURY N/B	1/31/2017	704,183.59	702,023.00	0.73%
US TREASURY N/B	9/30/2016	706,699.22	705,138.00	0.58%
US TREASURY N/B	8/31/2016	707,710.94	705,250.00	0.55%
US TREASURY N/B	9/30/2017	718,976.56	716,352.00	1.01%
US TREASURY N/B	3/31/2017	726,047.85	728,059.50	0.81%
US TREASURY N/B	1/31/2016	734,289.06	712,467.00	0.35%
US TREASURY N/B	8/31/2016	737,955.86	735,475.00	0.55%
US TREASURY N/B	5/31/2017	742,236.33	745,725.00	0.86%
US TREASURY N/B	5/31/2017	742,880.86	745,725.00	0.86%
US TREASURY N/B	11/30/2017	787,250.00	789,752.00	1.07%
US TREASURY N/B	10/31/2017	791,395.31	803,544.30	1.04%
US TREASURY N/B	10/31/2017	792,031.25	793,624.00	1.04%
US TREASURY N/B	4/30/2018	794,274.61	793,548.90	1.25%
US TREASURY N/B	10/31/2017	795,031.25	793,624.00	1.04%
US TREASURY N/B	1/31/2018	795,187.50	793,560.00	1.14%
US TREASURY N/B	10/31/2016	800,312.50	805,752.00	0.60%
US TREASURY N/B	12/31/2017	800,375.00	791,560.00	1.11%
US TREASURY N/B	6/15/2015	801,875.00	800,936.00	0.12%
US TREASURY N/B	12/31/2016	802,031.25	803,000.00	0.69%
US TREASURY N/B	7/31/2017	833,343.75	829,064.00	0.95%
US TREASURY N/B	2/15/2016	841,289.06	784,747.50	0.36%
US TREASURY N/B	2/29/2016	853,187.50	820,816.00	0.38%
US TREASURY N/B	9/30/2016	858,466.80	856,239.00	0.58%
US TREASURY N/B	7/31/2017	885,691.41	889,803.00	0.95%
US TREASURY N/B	6/30/2017	893,531.25	896,625.00	0.90%
US TREASURY N/B	5/31/2017	893,917.97	894,870.00	0.86%
US TREASURY N/B	11/30/2016	903,888.67	883,668.50	0.66%
US TREASURY N/B	9/30/2019	968,945.31	972,500.00	1.60%
US TREASURY N/B	12/31/2016	972,246.09	945,351.00	0.70%
US TREASURY N/B	7/31/2017	983,046.87	988,670.00	0.95%
US TREASURY N/B	7/31/2017	984,101.56	988,670.00	0.95%
US TREASURY N/B	8/31/2017	986,953.13	990,470.00	0.99%
US TREASURY N/B	5/31/2017	994,218.75	994,300.00	0.86%
US TREASURY N/B	12/31/2017	994,609.37	989,450.00	1.11%
US TREASURY N/B	11/15/2015	998,593.75	1,000,940.00	0.27%
US TREASURY N/B	6/30/2018	1,001,992.18	1,001,950.00	1.32%
US TREASURY N/B	12/31/2016	1,002,773.44	1,003,750.00	0.69%
US TREASURY N/B	8/31/2016	1,003,750.00	1,007,500.00	0.55%
US TREASURY N/B	11/30/2016	1,007,031.25	1,004,380.00	0.64%
US TREASURY N/B	12/31/2015	1,008,714.29	1,018,200.00	0.30%
US TREASURY N/B	7/31/2016	1,020,312.50	1,015,310.00	0.53%
US TREASURY N/B	11/30/2015	1,029,062.50	1,010,000.00	0.28%
US TREASURY N/B	12/31/2015	1,049,179.69	1,018,200.00	0.30%
US TREASURY N/B	4/30/2018	1,063,433.59	1,077,659.00	1.25%
US TREASURY N/B	11/30/2017	1,082,425.78	1,085,909.00	1.07%
US TREASURY N/B	9/30/2017	1,086,507.81	1,088,230.00	1.02%

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US TREASURY N/B	11/30/2017	1,087,925.78	1,085,909.00	1.07%
US TREASURY N/B	6/30/2017	1,092,867.19	1,095,875.00	0.90%
US TREASURY N/B	12/31/2016	1,108,035.16	1,104,125.00	0.69%
US TREASURY N/B	2/28/2019	1,191,328.13	1,193,532.00	1.51%
US TREASURY N/B	5/31/2017	1,191,796.87	1,193,160.00	0.86%
US TREASURY N/B	10/31/2017	1,192,546.88	1,190,436.00	1.04%
US TREASURY N/B	11/30/2015	1,235,906.25	1,212,000.00	0.28%
US TREASURY N/B	1/31/2017	1,307,363.28	1,303,757.00	0.73%
US TREASURY N/B	11/30/2016	1,328,955.08	1,299,512.50	0.66%
US TREASURY N/B	7/31/2016	1,341,556.84	1,335,132.65	0.53%
US TREASURY N/B	10/31/2018	1,486,699.22	1,490,280.00	1.42%
US TREASURY N/B	4/30/2016	1,503,457.03	1,531,635.00	0.41%
US TREASURY N/B	5/31/2015	1,562,226.56	1,512,300.00	0.13%
US TREASURY N/B	2/28/2017	1,657,218.75	1,653,993.00	0.76%
US TREASURY N/B	5/31/2017	1,686,718.75	1,690,310.00	0.86%
US TREASURY N/B	6/30/2016	1,730,281.25	1,725,636.00	0.49%
US TREASURY N/B	10/31/2016	1,740,498.05	1,742,755.00	0.60%
US TREASURY N/B	10/31/2016	1,832,770.50	1,838,121.75	0.60%
US TREASURY N/B	1/31/2019	1,973,750.00	1,980,780.00	1.49%
US TREASURY N/B	4/15/2016	1,995,937.50	1,996,880.00	0.37%
US TREASURY N/B	1/15/2016	2,002,116.08	2,001,260.00	0.31%
US TREASURY N/B	4/30/2017	2,002,734.38	2,002,340.00	0.82%
US TREASURY N/B	11/30/2015	2,040,390.63	2,020,000.00	0.28%
US TREASURY N/B	11/30/2015	2,060,468.75	2,020,000.00	0.28%
US TREASURY N/B	5/31/2016	2,080,703.12	2,036,400.00	0.46%
US TREASURY N/B	2/29/2016	2,132,187.50	2,052,040.00	0.38%
US TREASURY N/B	10/31/2016	2,150,296.88	2,151,057.60	0.60%
US TREASURY N/B	8/15/2015	2,219,140.63	2,050,080.00	0.22%
US TREASURY N/B	1/15/2017	2,250,527.34	2,251,575.00	0.72%
US TREASURY N/B	9/30/2015	2,296,765.63	2,300,713.00	0.21%
US TREASURY N/B	6/30/2016	2,319,478.91	2,304,231.60	0.49%
US TREASURY N/B	8/31/2017	2,469,335.94	2,476,175.00	0.99%
US TREASURY N/B	2/28/2015	2,483,254.69	2,368,472.40	0.13%
US TREASURY N/B	4/30/2016	2,570,214.84	2,552,725.00	0.41%
US TREASURY N/B	9/30/2016	2,748,950.20	2,745,001.50	0.58%
US TREASURY N/B	11/30/2015	3,064,335.94	3,030,000.00	0.28%
US TREASURY N/B	9/15/2017	3,923,398.82	3,932,161.50	0.98%
US TREASURY N/B	7/15/2017	3,987,357.15	3,995,320.00	0.92%
US TREASURY N/B	11/15/2017	4,686,597.67	4,677,581.00	1.04%
US TREASURY N/B	9/15/2017	4,901,901.52	4,912,700.50	0.98%
US TREASURY N/B	8/15/2015	4,986,132.81	5,001,950.00	0.19%
US TREASURY N/B	7/31/2016	5,098,828.12	5,076,550.00	0.53%
US TREASURY N/B	4/15/2016	5,286,750.00	5,291,732.00	0.37%
US TREASURY N/B	1/15/2016	5,623,073.47	5,623,540.60	0.31%
US TREASURY N/B	6/30/2016	6,002,598.23	6,001,860.00	0.48%
US TREASURY N/B	5/15/2016	6,097,787.50	6,127,044.60	0.40%
US TREASURY N/B	12/31/2016	6,128,300.38	6,112,837.50	0.69%
US TREASURY N/B	5/31/2016	6,180,468.75	6,109,200.00	0.46%
US TREASURY N/B	2/29/2016	6,189,101.58	6,192,250.00	0.36%
US TREASURY N/B	8/15/2016	6,849,093.73	6,891,283.20	0.52%
US TREASURY N/B	11/15/2015	7,010,687.53	7,006,580.00	0.27%
US TREASURY N/B	12/15/2017	7,101,109.38	7,083,386.00	1.08%
US TREASURY N/B	5/15/2016	7,146,867.89	7,184,808.00	0.40%
US TREASURY N/B	4/15/2016	7,978,776.80	7,987,520.00	0.37%
US TREASURY N/B	11/15/2017	8,235,800.76	8,220,599.80	1.04%
US TREASURY N/B	3/15/2016	8,805,873.21	8,800,704.00	0.37%
US TREASURY N/B	2/28/2017	12,008,008.95	12,029,040.00	0.76%
US TREASURY N/B	11/15/2017	12,041,881.25	12,052,235.30	1.04%
US TREASURY N/B	2/29/2016	12,500,143.40	12,514,337.50	0.36%
US TREASURY N/B	1/15/2016	13,404,318.39	13,428,454.60	0.31%
US TREASURY N/B	3/31/2016	14,214,976.56	14,197,728.00	0.39%

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US TREASURY N/B	6/30/2016	14,519,306.39	14,504,495.00	0.48%
US TREASURY N/B	11/15/2017	14,638,139.10	14,609,976.40	1.04%
US TREASURY N/B	1/15/2016	14,793,655.08	14,779,305.10	0.31%
US TREASURY N/B	6/15/2016	15,011,183.10	15,011,700.00	0.45%
US TREASURY N/B	8/15/2016	15,040,479.94	15,024,600.00	0.52%
US TREASURY N/B	4/30/2017	15,357,375.00	15,317,901.00	0.82%
US TREASURY N/B	5/15/2017	17,396,659.84	17,409,570.00	0.85%
US TREASURY N/B	10/31/2016	17,912,136.72	17,875,687.00	0.60%
US TREASURY N/B	8/31/2016	18,850,000.00	18,842,648.50	0.52%
US TREASURY N/B	9/15/2017	19,652,275.00	19,650,802.00	0.98%
US TREASURY N/B	6/30/2016	20,013,281.20	20,006,200.00	0.48%
US TREASURY N/B	1/15/2017	21,819,273.44	21,865,295.00	0.72%
<i>SUB-TOTAL</i>		664,069,062.22	660,783,420.45	

MEDIUM TERM NOTES

3M COMPANY	9/29/2016	41,025.60	40,447.60	0.73%
3M COMPANY	9/29/2016	167,917.20	166,846.35	0.73%
3M COMPANY	6/26/2017	537,510.60	539,001.00	1.08%
ABB FINANCE USA INC	5/8/2017	104,903.40	105,345.45	1.48%
ACE INA HOLDINGS	2/15/2017	24,723.82	24,001.12	1.34%
ACE INA HOLDINGS	3/15/2018	60,709.50	56,153.50	1.83%
ACE INA HOLDINGS	11/23/2015	66,088.10	66,012.05	0.85%
ACE INA HOLDINGS	11/23/2015	67,430.35	66,012.05	0.85%
ACE INA HOLDINGS	11/23/2015	71,905.40	71,089.90	0.85%
ACE INA HOLDINGS	6/15/2019	145,097.50	143,561.25	2.37%
AETNA INC	3/15/2019	130,243.10	129,140.70	2.37%
AFLAC INC	2/15/2017	517,560.00	514,455.00	1.26%
AIG GLOBAL FUNDING	12/15/2017	96,909.79	96,983.51	1.66%
ALABAMA POWER CO	10/15/2015	10,986.58	10,995.16	0.61%
ALLSTATE CORP	5/15/2018	125,163.15	121,208.85	1.99%
AMER EXPRESS CREDIT CO	9/15/2015	62,530.80	60,925.80	0.56%
AMER EXPRESS CREDIT CO	12/2/2015	112,314.00	104,022.00	0.90%
AMERICAN EXPR CENTURION	11/13/2015	499,810.00	500,695.00	0.71%
AMERICAN EXPRESS CO	9/12/2016	100,629.90	96,440.40	1.23%
AMERICAN EXPRESS CO	8/28/2017	440,716.40	423,396.00	1.73%
AMERICAN EXPRESS CO	5/22/2018	496,285.00	495,245.00	1.84%
AMERICAN EXPRESS CREDIT	8/15/2019	80,192.80	80,012.80	2.25%
AMERICAN EXPRESS CREDIT	9/19/2016	106,212.00	102,941.00	1.07%
AMERICAN EXPRESS CREDIT	8/15/2019	109,749.20	110,017.60	2.25%
AMERICAN EXPRESS CREDIT	3/18/2019	150,474.00	149,811.00	2.16%
AMERICAN EXPRESS CREDIT	6/5/2017	179,560.80	179,433.00	1.26%
AMERICAN EXPRESS CREDIT	6/5/2017	364,532.80	363,850.25	1.26%
AMERICAN EXPRESS CREDIT	9/19/2016	440,555.00	437,499.25	1.07%
AMERICAN EXPRESS CREDIT	6/5/2017	498,780.00	498,425.00	1.26%
AMERICAN EXPRESS CREDIT	9/22/2017	1,053,586.30	1,057,067.80	1.48%
AMERICAN EXPRESS CREDIT	3/24/2017	2,683,642.00	2,658,890.00	1.34%
AMERICAN HONDA FINANCE	10/7/2016	37,867.76	38,175.56	0.86%
AMERICAN HONDA FINANCE	8/15/2019	99,815.00	100,322.00	2.18%
AMERICAN HONDA FINANCE	9/21/2015	155,083.50	152,208.00	0.46%
AMERICAN HONDA FINANCE	9/21/2015	155,245.50	152,208.00	0.46%
AMERICAN HONDA FINANCE	8/11/2015	200,864.00	200,744.00	0.39%
AMERICAN HONDA FINANCE	10/7/2016	1,758,857.80	1,773,154.30	0.86%
AMERICAN HONDA FINANCE	7/14/2017	1,997,180.00	1,993,040.00	1.34%
AMERISOURCEBERGEN CORP	5/15/2017	699,657.00	694,085.00	1.51%
AMERISOURCEBERGEN CORP	5/15/2017	1,198,704.00	1,189,860.00	1.51%
ANHEUSER-BUSCH COS LLC	3/1/2017	68,582.40	65,296.80	1.45%
ANHEUSER-BUSCH INBEV FIN	1/27/2017	1,999,120.00	2,005,600.00	0.99%
ANHEUSER-BUSCH INBEV WOR	7/15/2015	100,012.00	100,160.00	0.50%
ANHEUSER-BUSCH INBEV WOR	7/15/2017	170,385.90	169,848.70	1.41%
ANHEUSER-BUSCH INBEV WOR	1/15/2019	175,654.45	175,629.80	2.25%
ANHEUSER-BUSCH INBEV WOR	7/15/2015	401,044.00	400,640.00	0.50%

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APACHE CORP	1/15/2017	119,134.00	108,054.00	1.59%
APACHE CORP	1/15/2017	682,206.00	648,324.00	1.59%
APPLE INC	5/5/2017	179,904.60	180,401.40	0.95%
APPLE INC	5/3/2018	195,450.00	197,032.00	1.46%
APPLE INC	5/3/2016	214,610.85	214,767.80	0.53%
APPLE INC	5/5/2017	500,040.00	501,115.00	0.95%
APPLE INC	5/3/2016	1,247,737.50	1,248,650.00	0.53%
APPLE INC	5/5/2017	1,499,205.00	1,503,345.00	0.95%
ARIZONA PUBLIC SERVICE	3/1/2019	102,724.80	100,624.80	2.23%
AT&T INC	11/27/2018	101,831.00	100,775.00	2.17%
AT&T INC	11/27/2018	101,903.00	100,775.00	2.17%
AT&T INC	2/1/2018	215,593.00	209,739.10	2.01%
AT&T INC	6/1/2017	709,975.00	702,779.00	1.53%
AT&T INC	5/15/2016	741,909.00	717,675.00	1.09%
AT&T INC	6/1/2017	810,168.00	803,176.00	1.53%
AT&T INC	8/15/2016	1,057,240.00	1,020,230.00	1.14%
ATMOS ENERGY CORP	6/15/2017	115,223.00	111,684.00	1.49%
BANK OF AMERICA CORP	9/1/2017	209,457.00	198,477.00	2.03%
BANK OF AMERICA CORP	9/1/2017	226,900.00	220,530.00	2.03%
BANK OF AMERICA CORP	7/15/2018	235,080.00	228,078.00	2.34%
BANK OF AMERICA CORP	1/11/2018	240,196.80	239,817.60	2.03%
BANK OF AMERICA CORP	7/12/2016	265,777.50	258,940.00	1.38%
BANK OF AMERICA CORP	8/25/2017	270,437.40	270,062.10	1.69%
BANK OF AMERICA CORP	12/1/2017	395,773.00	386,715.00	2.03%
BANK OF AMERICA CORP	8/25/2017	429,548.50	430,098.90	1.69%
BANK OF AMERICA CORP	8/25/2017	569,401.50	570,131.10	1.69%
BANK OF AMERICA CORP	3/22/2017	824,280.00	837,040.00	1.74%
BANK OF AMERICA NA	2/14/2017	1,198,944.00	1,197,240.00	1.36%
BANK OF AMERICA NA	11/14/2016	2,298,298.00	2,291,697.00	1.32%
BANK OF AMERICA NA	2/14/2017	3,696,744.00	3,691,490.00	1.36%
BANK OF NEW YORK MELLON	1/15/2015	50,824.00	50,034.50	1.31%
BANK OF NEW YORK MELLON	1/25/2018	68,348.00	69,342.70	1.62%
BANK OF NEW YORK MELLON	5/15/2019	80,465.60	80,224.00	2.13%
BANK OF NEW YORK MELLON	6/18/2015	88,275.05	85,954.55	0.52%
BANK OF NEW YORK MELLON	1/15/2019	99,995.00	100,317.00	2.02%
BANK OF NEW YORK MELLON	2/20/2015	100,638.00	100,033.00	0.72%
BANK OF NEW YORK MELLON	1/17/2017	105,342.00	102,426.00	1.15%
BANK OF NEW YORK MELLON	1/15/2016	209,792.00	203,810.00	0.66%
BANK OF NEW YORK MELLON	6/18/2015	873,267.90	839,320.90	0.52%
BANK OF NOVA SCOTIA	12/13/2016	699,797.00	700,483.00	1.06%
BAXTER INTERNATIONAL INC	6/1/2016	519,500.80	519,792.00	0.98%
BB&T CORPORATION	3/15/2016	68,236.35	66,496.30	1.13%
BB&T CORPORATION	3/22/2017	73,052.70	71,010.10	1.46%
BB&T CORPORATION	3/15/2016	77,138.25	76,726.50	1.13%
BB&T CORPORATION	8/15/2017	130,904.80	129,929.80	1.62%
BB&T CORPORATION	4/29/2016	159,480.00	155,283.00	1.27%
BB&T CORPORATION	4/29/2016	161,946.00	155,283.00	1.27%
BB&T CORPORATION	8/15/2017	299,454.00	299,838.00	1.62%
BB&T CORPORATION	8/15/2017	518,055.42	518,719.74	1.62%
BB&T CORPORATION	12/23/2015	1,002,073.20	956,689.60	1.09%
BB&T CORPORATION	3/15/2016	1,051,120.00	1,023,020.00	1.13%
BERKSHIRE HATHAWAY FIN	5/15/2017	425,985.00	423,591.00	1.23%
BERKSHIRE HATHAWAY FIN	5/15/2017	507,205.00	504,275.00	1.23%
BERKSHIRE HATHAWAY FIN	5/15/2018	564,000.00	559,460.00	1.75%
BERKSHIRE HATHAWAY INC	2/11/2015	103,238.00	100,286.00	0.62%
BERKSHIRE HATHAWAY INC	2/9/2018	120,091.20	119,941.20	1.57%
BERKSHIRE HATHAWAY INC	1/31/2017	579,971.00	588,369.40	1.20%
BERKSHIRE HATHAWAY INC	1/31/2017	1,553,385.00	1,521,645.00	1.20%
BK TOKYO-MITSUBISHI UFJ	9/8/2017	489,412.00	485,467.50	1.80%
BLACKROCK INC	9/15/2017	6,071.90	5,601.45	1.68%
BLACKROCK INC	9/15/2017	23,055.74	21,285.51	1.68%

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BOEING CAPITAL CORP	8/15/2016	62,471.40	61,137.00	0.88%
BOEING CAPITAL CORP	8/15/2016	104,758.00	101,895.00	0.88%
BOEING CAPITAL CORP	8/15/2016	1,043,550.00	1,018,950.00	0.88%
BOEING CO	2/15/2015	37,574.95	35,113.40	0.84%
BOEING CO	5/15/2018	106,835.30	107,559.10	1.63%
BOEING CO	2/15/2015	114,222.90	110,356.40	0.84%
BOTTLING GROUP LLC	4/1/2016	116,903.00	105,804.00	0.82%
BRANCH BANKING & TRUST	10/1/2017	499,240.00	497,315.00	1.55%
BRANCH BANKING & TRUST	10/1/2017	719,553.60	716,133.60	1.55%
BRANCH BANKING & TRUST	10/1/2017	999,380.00	994,630.00	1.55%
BRANCH BANKING & TRUST	4/3/2017	2,393,328.00	2,380,416.00	1.37%
BRANCH BANKING & TRUST	10/3/2016	2,399,136.00	2,414,208.00	1.09%
CAPITAL ONE BANK USA NA	11/21/2016	339,989.80	338,776.00	1.34%
CAPITAL ONE BANK USA NA	2/13/2017	1,119,540.80	1,110,289.60	1.62%
CAPITAL ONE BANK USA NA	6/5/2017	2,601,612.00	2,577,640.00	1.66%
CAPITAL ONE BANK USA NA	11/21/2016	2,800,392.00	2,789,920.00	1.34%
CAPITAL ONE NA	9/5/2017	529,427.60	525,728.20	1.81%
CAPITAL ONE NA	9/5/2017	909,017.20	902,665.40	1.81%
CARGILL INC	11/27/2017	103,601.70	100,573.20	1.83%
CARGILL INC	11/27/2017	115,382.00	111,748.00	1.83%
CARGILL INC	3/1/2017	233,410.90	232,401.20	1.41%
CAROLINA POWER & LIGHT	4/1/2015	174,643.15	156,686.40	0.78%
CATERPILLAR FINANCIAL SE	11/6/2017	36,928.96	36,824.99	1.42%
CATERPILLAR FINANCIAL SE	4/1/2016	52,619.50	51,204.00	0.71%
CATERPILLAR FINANCIAL SE	9/1/2017	59,999.00	55,675.00	1.49%
CATERPILLAR FINANCIAL SE	4/1/2016	60,360.00	61,444.80	0.71%
CATERPILLAR FINANCIAL SE	3/24/2017	91,200.60	91,037.70	1.22%
CATERPILLAR FINANCIAL SE	8/1/2016	98,722.10	96,823.05	0.83%
CATERPILLAR FINANCIAL SE	8/18/2017	129,935.00	129,464.40	1.41%
CATERPILLAR FINANCIAL SE	4/1/2016	151,717.36	149,515.68	0.71%
CATERPILLAR FINANCIAL SE	11/6/2017	166,697.73	166,210.09	1.42%
CATERPILLAR FINANCIAL SE	3/3/2017	249,852.50	249,325.00	1.13%
CATERPILLAR FINANCIAL SE	8/18/2017	300,357.00	298,764.00	1.41%
CATERPILLAR FINANCIAL SE	8/18/2017	499,750.00	497,940.00	1.41%
CATERPILLAR FINANCIAL SE	11/6/2015	579,466.40	581,003.40	0.50%
CATERPILLAR FINANCIAL SE	8/18/2017	999,800.00	995,880.00	1.41%
CATERPILLAR FINANCIAL SE	9/6/2016	1,139,829.00	1,149,450.60	0.85%
CATERPILLAR FINANCIAL SE	3/3/2017	2,398,584.00	2,393,520.00	1.13%
CATERPILLAR INC	6/26/2017	91,785.60	90,555.30	1.25%
CHARLES SCHWAB CORP	12/4/2015	70,175.70	70,152.60	0.61%
CHARLES SCHWAB CORP	12/4/2015	120,674.40	120,261.60	0.61%
CHARLES SCHWAB CORP	12/4/2015	220,000.00	220,479.60	0.61%
CHARLES SCHWAB CORP	12/4/2015	220,624.80	220,479.60	0.61%
CHARLES SCHWAB CORP	7/25/2018	223,781.80	222,829.20	1.82%
CHEVRON CORP	12/5/2017	49,928.50	49,691.00	1.32%
CHEVRON CORP	6/24/2016	94,000.00	94,199.28	0.74%
CHEVRON CORP	6/24/2018	120,578.40	120,606.00	1.57%
CHEVRON CORP	6/24/2016	220,000.00	220,466.40	0.74%
CHEVRON CORP	6/24/2016	350,000.00	350,742.00	0.74%
CHEVRON CORP	6/24/2016	600,000.00	601,272.00	0.74%
CHEVRON CORP	11/15/2017	1,260,000.00	1,261,020.60	1.32%
CHUBB CORP	5/15/2018	75,062.00	73,435.05	1.77%
CHUBB CORP	5/15/2018	97,289.30	96,030.45	1.77%
CHUBB CORP	5/15/2018	114,226.00	112,977.00	1.77%
CHUBB CORP	5/15/2018	115,653.00	112,977.00	1.77%
CHUBB CORP	5/15/2018	174,229.50	169,465.50	1.77%
CISCO SYSTEMS INC	3/14/2017	60,349.30	57,491.50	1.06%
CISCO SYSTEMS INC	2/22/2016	62,851.25	58,026.10	0.65%
CISCO SYSTEMS INC	2/22/2016	89,612.00	84,401.60	0.65%
CISCO SYSTEMS INC	3/14/2017	113,729.40	112,892.40	1.06%
CISCO SYSTEMS INC	3/3/2017	199,988.00	200,084.00	1.08%

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CISCO SYSTEMS INC	3/1/2019	200,782.00	200,942.00	2.01%
CISCO SYSTEMS INC	3/3/2017	899,946.00	900,378.00	1.08%
CISCO SYSTEMS INC	3/3/2017	1,689,898.60	1,690,709.80	1.08%
CITIGROUP INC	5/19/2015	16,185.90	15,221.10	0.89%
CITIGROUP INC	8/14/2017	49,930.00	49,859.00	1.66%
CITIGROUP INC	1/15/2015	63,106.80	60,085.20	2.35%
CITIGROUP INC	6/15/2016	74,474.40	72,664.90	1.30%
CITIGROUP INC	1/15/2015	90,433.70	82,116.44	2.35%
CITIGROUP INC	6/15/2016	105,865.00	103,807.00	1.30%
CITIGROUP INC	1/10/2017	134,141.25	132,135.00	1.57%
CITIGROUP INC	6/15/2016	177,097.50	176,471.90	1.30%
CITIGROUP INC	11/24/2017	187,962.40	187,783.80	1.89%
CITIGROUP INC	3/10/2017	239,901.60	238,867.20	1.57%
CITIGROUP INC	11/21/2017	376,068.00	367,976.40	2.00%
CITIGROUP INC	11/21/2017	462,008.00	446,032.00	2.00%
CITIGROUP INC	1/15/2015	532,875.00	500,710.00	2.35%
CITIGROUP INC	3/10/2017	800,592.00	796,224.00	1.57%
CITIGROUP INC	8/14/2017	1,318,152.00	1,316,277.60	1.66%
CME GROUP INDEX SERVICES	3/15/2018	136,437.50	135,260.00	1.75%
COCA-COLA CO/THE	9/1/2016	81,436.80	81,334.40	0.79%
COCA-COLA CO/THE	3/14/2018	115,456.55	115,727.95	1.45%
COCA-COLA CO/THE	11/1/2016	250,037.50	249,937.50	0.76%
COCA-COLA CO/THE	9/1/2016	1,037,040.00	1,016,680.00	0.79%
COCA-COLA CO/THE	11/1/2016	1,118,712.00	1,119,720.00	0.76%
COCA-COLA CO/THE	11/1/2016	1,168,654.50	1,169,707.50	0.76%
COMCAST CORP	3/15/2016	54,332.00	53,010.00	0.87%
COMCAST CORP	1/15/2017	799,001.00	772,947.00	1.30%
COMERICA INC	9/16/2015	31,576.50	30,447.90	0.88%
COMERICA INC	9/16/2015	63,596.40	60,895.80	0.88%
COMERICA INC	9/16/2015	101,015.00	101,493.00	0.88%
COMMONWEALTH BK AUSTR NY	9/18/2017	506,915.00	505,125.00	1.51%
COMMONWEALTH EDISON	1/15/2019	70,711.20	70,522.90	1.95%
COMMONWEALTH EDISON	1/15/2019	130,860.60	130,971.10	1.95%
CONOCOPHILLIPS	7/15/2018	42,257.25	40,416.25	2.09%
CONOCOPHILLIPS	7/15/2018	119,484.00	115,475.00	2.09%
CONOCOPHILLIPS COMPANY	12/15/2017	79,380.80	78,976.80	1.49%
CONOCOPHILLIPS COMPANY	12/15/2017	197,378.00	197,442.00	1.49%
CONOCOPHILLIPS COMPANY	12/15/2017	250,237.50	246,802.50	1.49%
CONS EDISON CO OF NY	9/15/2016	52,879.95	48,382.20	1.04%
CONSUMERS ENERGY COMPANY	8/15/2016	33,499.20	32,189.70	0.95%
CONSUMERS ENERGY COMPANY	3/15/2019	76,363.95	75,460.45	2.11%
COSTCO WHOLESALE CORP	12/7/2015	200,856.00	200,334.00	0.47%
COSTCO WHOLESALE CORP	12/7/2015	499,405.00	500,835.00	0.47%
CREDIT SUISSE USA INC	8/15/2015	53,843.90	51,325.50	0.84%
CREDIT SUISSE USA INC	8/15/2015	55,235.00	51,325.50	0.84%
CREDIT SUISSE USA INC	8/16/2016	162,489.60	150,761.80	1.06%
DAIMLER FINANCE NA LLC	8/1/2017	149,482.50	149,299.50	1.56%
DAIMLER FINANCE NA LLC	8/1/2016	151,381.50	150,643.50	1.18%
DAIMLER FINANCE NA LLC	9/15/2016	156,480.00	153,666.00	1.17%
DAIMLER FINANCE NA LLC	8/1/2017	169,413.50	169,206.10	1.56%
DAIMLER FINANCE NA LLC	1/11/2016	555,316.12	557,512.32	0.98%
DAIMLER FINANCE NA LLC	3/10/2017	749,580.00	745,635.00	1.40%
DAIMLER FINANCE NA LLC	8/1/2017	996,550.00	995,330.00	1.56%
DANAHER CORP	6/23/2016	52,411.50	51,128.50	0.76%
DANAHER CORP	6/23/2016	103,686.00	102,257.00	0.76%
DANAHER CORP	6/23/2016	119,501.10	117,595.55	0.76%
DETROIT EDISON COMPANY	6/15/2018	166,586.15	163,860.15	1.71%
DEUTSCHE BANK AG LONDON	2/13/2017	1,249,887.50	1,247,400.00	1.50%
DUKE ENERGY CAROLINAS	12/15/2016	50,443.50	50,721.50	1.00%
DUKE ENERGY CAROLINAS	12/15/2016	91,089.00	91,298.70	1.00%
DUKE ENERGY FLORIDA INC	6/15/2018	125,594.70	124,056.90	1.82%

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DUKE ENERGY FLORIDA INC	11/15/2015	719,359.20	720,936.00	0.50%
E.I. DU PONT DE NEMOURS	12/15/2016	112,495.00	108,145.00	1.03%
E.I. DU PONT DE NEMOURS	7/15/2018	233,598.00	227,768.00	1.92%
E.I. DU PONT DE NEMOURS	4/1/2016	425,164.00	409,800.00	0.78%
EBAY INC	10/15/2015	40,887.60	40,308.00	0.64%
EBAY INC	10/15/2015	58,236.00	60,462.00	0.64%
EBAY INC	7/15/2017	90,565.20	89,310.60	1.66%
EBAY INC	7/15/2017	99,708.00	99,234.00	1.66%
EBAY INC	10/15/2015	102,224.00	100,770.00	0.64%
EBAY INC	10/15/2015	102,366.00	100,770.00	0.64%
EBAY INC	7/15/2015	200,000.00	200,108.00	0.60%
EBAY INC	7/15/2015	230,648.60	230,124.20	0.60%
EBAY INC	7/15/2017	250,040.00	248,085.00	1.66%
EBAY INC	7/15/2015	341,679.60	340,183.60	0.60%
EBAY INC	7/15/2017	502,330.00	496,170.00	1.66%
EMC CORP	6/1/2018	54,923.55	54,813.00	1.98%
EMC CORP	6/1/2018	199,886.00	199,320.00	1.98%
EMERSON ELECTRIC CO	10/15/2019	224,096.00	222,344.00	2.39%
EOG RESOURCES INC	2/1/2016	51,046.00	50,903.50	0.82%
EOG RESOURCES INC	6/1/2019	52,212.60	50,778.45	2.53%
EOG RESOURCES INC	9/15/2017	56,077.00	55,327.50	1.82%
EOG RESOURCES INC	2/1/2016	62,414.40	61,084.20	0.82%
EOG RESOURCES INC	2/1/2016	62,982.00	61,084.20	0.82%
EOG RESOURCES INC	2/1/2016	83,771.20	81,445.60	0.82%
FIFTH THIRD BANK	2/28/2018	196,866.00	197,756.00	1.82%
FIFTH THIRD BANK	6/1/2017	199,908.00	199,784.00	1.39%
FIFTH THIRD BANK	11/18/2016	699,818.00	698,656.00	1.25%
FLORIDA POWER & LIGHT	11/1/2017	229,360.40	211,021.60	1.54%
FRANKLIN RESOURCES INC	5/20/2015	157,431.00	151,042.50	1.31%
GENERAL DYNAMICS CORP	11/15/2017	59,721.00	59,394.60	1.36%
GENERAL DYNAMICS CORP	11/15/2017	79,261.60	79,192.80	1.36%
GENERAL DYNAMICS CORP	11/15/2017	112,245.75	113,839.65	1.36%
GENERAL DYNAMICS CORP	11/15/2017	148,566.00	148,486.50	1.36%
GENERAL ELEC CAP CORP	12/11/2015	32,967.00	33,142.56	0.54%
GENERAL ELEC CAP CORP	1/8/2016	49,985.00	50,182.00	0.64%
GENERAL ELEC CAP CORP	1/8/2016	310,987.60	291,726.40	0.86%
GENERAL ELEC CAP CORP	5/15/2017	439,934.00	440,594.00	1.19%
GENERAL ELEC CAP CORP	9/15/2017	577,628.16	568,345.60	1.46%
GENERAL ELEC CAP CORP	2/15/2017	637,220.10	618,803.40	1.30%
GENERAL ELEC CAP CORP	11/9/2015	653,417.10	638,643.60	0.64%
GENERAL ELEC CAP CORP	2/15/2017	730,951.00	705,653.00	1.30%
GENERAL ELEC CAP CORP	5/15/2017	749,887.50	751,012.50	1.19%
GENERAL ELEC CAP CORP	5/15/2017	929,860.50	931,255.50	1.19%
GENERAL ELEC CAP CORP	1/8/2016	996,790.00	1,003,640.00	0.64%
GENERAL ELEC CAP CORP	7/12/2016	999,680.00	1,010,340.00	0.82%
GENERAL ELEC CAP CORP	9/21/2015	1,268,280.00	1,230,396.00	0.85%
GENERAL ELEC CAP CORP	3/15/2017	1,763,104.00	1,746,529.00	1.19%
GENZYME CORP	6/15/2015	246,058.60	233,176.30	0.58%
GEORGIA POWER COMPANY	6/1/2017	60,218.50	55,113.50	1.38%
GEORGIA POWER COMPANY	12/15/2015	112,794.00	104,093.00	0.94%
GEORGIA POWER COMPANY	6/1/2017	113,686.00	110,227.00	1.38%
GEORGIA POWER COMPANY	8/10/2015	909,408.50	910,573.30	0.65%
GLAXOSMITHKLINE CAP INC	5/15/2018	130,635.40	129,549.80	1.77%
GOLDMAN SACHS GROUP INC	5/3/2015	49,964.50	50,406.00	0.89%
GOLDMAN SACHS GROUP INC	2/7/2016	53,260.50	51,303.00	1.23%
GOLDMAN SACHS GROUP INC	4/1/2018	55,398.76	54,998.58	2.22%
GOLDMAN SACHS GROUP INC	2/7/2016	73,343.90	71,824.20	1.23%
GOLDMAN SACHS GROUP INC	4/1/2018	80,282.54	79,691.82	2.22%
GOLDMAN SACHS GROUP INC	2/7/2016	80,523.20	82,084.80	1.23%
GOLDMAN SACHS GROUP INC	2/7/2016	90,513.00	92,345.40	1.23%
GOLDMAN SACHS GROUP INC	8/1/2015	98,428.55	96,533.30	0.92%

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GOLDMAN SACHS GROUP INC	5/3/2015	104,298.00	100,812.00	0.89%
GOLDMAN SACHS GROUP INC	1/15/2016	108,909.00	104,352.00	1.12%
GOLDMAN SACHS GROUP INC	2/15/2019	127,453.20	124,893.30	2.62%
GOLDMAN SACHS GROUP INC	1/22/2018	132,278.90	131,313.00	2.03%
GOLDMAN SACHS GROUP INC	1/18/2018	136,581.60	133,316.40	2.17%
GOLDMAN SACHS GROUP INC	2/15/2019	179,527.50	178,419.00	2.62%
GOLDMAN SACHS GROUP INC	11/23/2015	226,503.00	226,179.00	1.01%
GOLDMAN SACHS GROUP INC	1/18/2018	240,303.00	233,303.70	2.17%
GOLDMAN SACHS GROUP INC	4/1/2018	260,656.70	258,156.60	2.22%
GOLDMAN SACHS GROUP INC	5/3/2015	260,810.00	252,030.00	0.89%
GOLDMAN SACHS GROUP INC	9/1/2017	565,720.00	556,325.00	1.90%
GOLDMAN SACHS GROUP INC	11/23/2015	573,169.20	572,986.80	1.01%
GOLDMAN SACHS GROUP INC	1/22/2018	714,961.28	711,110.40	2.03%
GOLDMAN SACHS GROUP INC	9/1/2017	800,772.00	778,855.00	1.90%
GOLDMAN SACHS GROUP INC	7/19/2018	1,544,730.00	1,538,820.00	2.14%
HALLIBURTON COMPANY	8/1/2016	70,409.50	69,930.00	1.06%
HALLIBURTON COMPANY	8/1/2016	419,680.80	419,580.00	1.06%
HALLIBURTON COMPANY	8/1/2016	999,240.00	999,000.00	1.06%
HOME DEPOT INC	6/15/2019	100,283.00	100,245.00	1.94%
HOME DEPOT INC	3/1/2016	111,485.00	105,531.00	0.63%
HOME DEPOT INC	6/15/2019	128,987.30	130,318.50	1.94%
HOME DEPOT INC	9/10/2018	225,260.20	224,195.40	1.70%
HOME DEPOT INC	3/1/2016	443,952.00	422,124.00	0.63%
HOME DEPOT INC	3/1/2016	578,980.00	527,655.00	0.63%
HONEYWELL INTERNATIONAL	3/1/2018	107,347.50	99,835.20	1.74%
HONEYWELL INTERNATIONAL	3/15/2016	115,614.00	105,685.00	0.66%
HONEYWELL INTERNATIONAL	3/15/2017	131,748.00	130,668.00	1.20%
HSBC FINANCE CORP	6/30/2015	215,042.00	204,036.00	0.92%
HSBC FINANCE CORP	6/30/2015	218,898.00	204,036.00	0.92%
HSBC USA INC	2/13/2015	102,304.00	100,201.00	0.64%
HSBC USA INC	1/16/2018	228,817.80	229,114.50	1.76%
HUNTINGTON NATIONAL BANK	4/24/2017	279,557.60	277,628.40	1.75%
HUNTINGTON NATIONAL BANK	4/24/2017	874,037.50	867,588.75	1.75%
IBM CORP	2/6/2017	100,653.00	100,306.00	1.10%
IBM CORP	7/22/2016	102,345.00	101,882.00	0.73%
IBM CORP	7/22/2016	103,953.00	101,882.00	0.73%
IBM CORP	5/6/2016	149,577.00	149,548.50	0.67%
IBM CORP	7/22/2016	251,190.00	254,705.00	0.73%
IBM CORP	1/5/2016	255,420.00	253,667.50	0.54%
IBM CORP	5/6/2016	428,787.40	428,705.70	0.67%
IBM CORP	2/6/2017	647,120.50	651,989.00	1.10%
IBM CORP	5/6/2016	1,007,151.80	1,006,959.90	0.67%
ILLINOIS TOOL WORKS INC	2/25/2017	142,801.23	142,372.23	1.11%
ILLINOIS TOOL WORKS INC	2/25/2017	1,218,304.20	1,214,644.20	1.11%
INTEL CORP	10/1/2016	51,569.00	50,970.00	0.83%
INTEL CORP	10/1/2016	83,012.80	81,552.00	0.83%
INTEL CORP	10/1/2016	93,070.80	91,746.00	0.83%
INTEL CORP	12/15/2017	114,871.20	114,832.10	1.40%
INTEL CORP	10/1/2016	162,860.80	163,104.00	0.83%
INTEL CORP	12/15/2017	169,911.60	169,751.80	1.40%
JACKSON NATL LIFE GLOBAL	4/16/2019	150,181.50	149,781.00	2.34%
JOHN DEERE CAPITAL CORP	4/17/2015	55,965.28	56,070.00	0.45%
JOHN DEERE CAPITAL CORP	12/15/2017	56,986.32	56,997.15	1.55%
JOHN DEERE CAPITAL CORP	9/15/2016	61,711.20	60,997.80	0.87%
JOHN DEERE CAPITAL CORP	6/7/2016	104,269.00	102,218.00	0.69%
JOHN DEERE CAPITAL CORP	12/15/2017	110,532.40	109,994.50	1.55%
JOHN DEERE CAPITAL CORP	3/15/2017	202,634.00	200,544.00	1.27%
JOHN DEERE CAPITAL CORP	10/11/2016	439,441.20	440,620.40	0.97%
JOHN DEERE CAPITAL CORP	12/15/2017	549,868.00	549,972.50	1.55%
JOHN DEERE CAPITAL CORP	12/15/2016	588,820.00	591,598.90	0.91%
JOHN DEERE CAPITAL CORP	6/12/2017	809,619.30	806,873.40	1.29%

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JOHN DEERE CAPITAL CORP	12/15/2016	838,320.00	842,276.40	0.91%
JOHN DEERE CAPITAL CORP	6/7/2016	1,570,995.00	1,533,270.00	0.69%
JOHNSON & JOHNSON	11/28/2016	161,803.98	161,896.32	0.73%
JPMORGAN CHASE & CO	10/15/2015	299,877.00	300,540.00	0.87%
JPMORGAN CHASE & CO	6/27/2017	674,292.00	662,064.00	1.85%
JPMORGAN CHASE & CO	2/15/2017	989,505.00	989,980.20	1.35%
JPMORGAN CHASE & CO	2/15/2017	1,199,400.00	1,199,976.00	1.35%
JPMORGAN CHASE & CO	2/26/2016	1,997,580.00	2,005,240.00	0.90%
KENTUCKY UTILITIES	11/1/2015	25,606.25	25,204.00	0.64%
KENTUCKY UTILITIES	11/1/2015	35,775.60	35,285.60	0.64%
KENTUCKY UTILITIES	11/1/2015	205,604.00	201,632.00	0.64%
KEY BANK NA	11/25/2016	1,139,133.60	1,138,005.00	1.19%
KIMBERLY-CLARK CORP	8/1/2017	109,043.10	100,692.00	1.42%
LOCKHEED MARTIN CORP	9/15/2016	77,050.50	76,370.25	1.04%
LOCKHEED MARTIN CORP	9/15/2016	103,763.00	101,827.00	1.04%
LOCKHEED MARTIN CORP	9/15/2016	113,611.30	112,009.70	1.04%
LOUISVILLE GAS & ELEC	11/15/2015	102,159.00	100,756.00	0.75%
LOWE'S COMPANIES INC	10/15/2015	21,160.87	19,640.68	0.70%
LOWE'S COMPANIES INC	10/15/2015	44,366.00	41,348.80	0.70%
LOWE'S COMPANIES INC	10/15/2015	79,152.93	73,394.12	0.70%
MANUF & TRADERS TRUST CO	3/7/2018	250,897.50	247,320.00	1.80%
MANUF & TRADERS TRUST CO	1/30/2017	639,942.40	638,560.00	1.36%
MANUF & TRADERS TRUST CO	1/30/2017	661,894.20	658,515.00	1.36%
MANUF & TRADERS TRUST CO	7/25/2017	729,722.60	728,934.20	1.46%
MANUF & TRADERS TRUST CO	7/25/2019	999,860.00	997,580.00	2.31%
MANUF & TRADERS TRUST CO	1/30/2017	1,207,452.00	1,197,300.00	1.36%
MANUF & TRADERS TRUST CO	7/25/2017	2,499,050.00	2,496,350.00	1.46%
MASSMUTUAL GLOBAL FUNDIN	4/14/2016	259,122.50	257,457.50	0.79%
MCDONALD'S CORP	10/15/2017	41,471.85	39,114.60	1.48%
MCDONALD'S CORP	10/15/2017	58,561.50	55,878.00	1.48%
MCDONALD'S CORP	10/15/2017	62,875.45	61,465.80	1.48%
MCDONALD'S CORP	3/15/2017	124,088.80	119,340.10	1.38%
MEDTRONIC INC	3/15/2016	415,228.00	408,928.00	0.76%
MEDTRONIC INC	3/15/2018	668,070.40	666,797.40	1.65%
MEDTRONIC INC	3/15/2018	1,141,702.40	1,139,526.90	1.65%
MERRILL LYNCH & CO	4/25/2018	266,070.90	264,173.40	2.20%
MET LIFE GLOB FUNDING I	4/10/2017	149,793.00	149,751.00	1.37%
MET LIFE GLOB FUNDING I	4/10/2017	149,944.50	149,751.00	1.37%
MET LIFE GLOB FUNDING I	9/29/2015	206,262.00	202,866.00	0.57%
MET LIFE GLOB FUNDING I	1/10/2018	246,922.50	248,442.50	1.71%
MET LIFE GLOB FUNDING I	6/29/2015	499,605.00	502,645.00	0.63%
MET LIFE GLOB FUNDING I	4/10/2017	728,992.60	728,788.20	1.37%
METLIFE INC	12/15/2017	461,404.38	461,048.80	1.82%
METLIFE INC	6/1/2016	1,147,450.00	1,078,100.00	1.17%
MICROSOFT CORP	9/25/2015	102,978.00	100,911.00	0.38%
MICROSOFT CORP	2/8/2016	106,590.00	102,364.00	0.35%
MICROSOFT CORP	12/6/2018	228,613.10	230,250.70	1.60%
MONSANTO CO	11/15/2018	54,769.00	54,783.30	1.96%
MONSANTO CO	4/15/2016	68,036.80	66,481.35	0.97%
MONSANTO CO	4/15/2016	141,790.50	138,076.65	0.97%
MONSANTO CO	6/30/2017	1,228,806.90	1,220,553.60	1.46%
MORGAN STANLEY	4/27/2017	109,892.00	108,543.00	1.78%
MORGAN STANLEY	12/28/2017	174,928.50	166,672.50	2.10%
MORGAN STANLEY	4/28/2015	189,188.68	181,896.22	0.99%
MORGAN STANLEY	4/29/2016	369,096.00	361,557.00	1.28%
MORGAN STANLEY	4/25/2018	756,172.50	750,435.00	2.11%
MORGAN STANLEY	3/22/2017	764,729.00	745,633.00	1.75%
MORGAN STANLEY	1/5/2018	948,974.00	946,523.00	2.00%
NATIONAL RURAL UTIL COOP	4/10/2017	56,796.50	54,624.50	1.31%
NATIONAL RURAL UTIL COOP	11/1/2015	61,816.20	60,648.60	0.60%
NATIONAL RURAL UTIL COOP	11/1/2015	72,182.60	70,756.70	0.60%

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NATIONAL RURAL UTIL COOP	4/10/2017	72,342.40	71,011.85	1.31%
NATIONAL RURAL UTIL COOP	4/10/2017	101,504.45	92,861.65	1.31%
NATIONAL RURAL UTIL COOP	11/1/2015	103,204.00	101,081.00	0.60%
NATIONAL RURAL UTIL COOP	1/27/2017	999,410.00	996,640.00	1.26%
NATIONAL SEMICONDUCTOR	6/15/2017	99,349.60	90,015.20	1.40%
NBCUNIVERSAL MEDIA LLC	4/1/2016	317,271.00	307,605.00	0.83%
NEVADA POWER CO	3/15/2019	176,717.52	175,375.41	2.28%
NEW YORK LIFE GLOBAL FDG	3/1/2017	154,669.85	154,651.25	1.23%
NEW YORK LIFE GLOBAL FDG	7/24/2015	434,612.85	435,178.35	0.68%
NEW YORK LIFE GLOBAL FDG	2/12/2016	446,877.00	450,769.50	0.65%
NEW YORK LIFE GLOBAL FDG	2/12/2016	1,039,324.00	1,041,778.40	0.65%
NORTHERN STATES PWR-MINN	8/15/2015	97,360.75	95,520.60	0.47%
NORTHERN STATES PWR-MINN	3/1/2018	136,449.60	132,812.40	1.77%
NOVARTIS CAPITAL CORP	4/24/2015	266,775.00	251,940.00	0.42%
NSTAR ELECTRIC CO	11/15/2017	112,617.00	111,026.00	1.68%
NSTAR ELECTRIC CO	11/15/2017	115,107.00	111,026.00	1.68%
OCCIDENTAL PETROLEUM COR	6/1/2016	44,053.60	41,792.40	0.93%
OCCIDENTAL PETROLEUM COR	2/1/2016	67,466.10	66,054.95	0.99%
OCCIDENTAL PETROLEUM COR	2/15/2017	81,158.40	80,461.60	1.47%
OCCIDENTAL PETROLEUM COR	2/15/2017	101,007.00	100,577.00	1.47%
OCCIDENTAL PETROLEUM COR	2/15/2017	103,139.00	100,577.00	1.47%
OCCIDENTAL PETROLEUM COR	2/15/2017	179,987.50	176,009.75	1.47%
ORACLE CORP	1/15/2016	44,585.60	41,916.40	0.62%
ORACLE CORP	1/15/2016	85,317.75	78,593.25	0.62%
ORACLE CORP	1/15/2016	105,437.65	99,551.45	0.62%
ORACLE CORP	4/15/2018	116,766.00	113,046.00	1.66%
ORACLE CORP	1/15/2019	152,989.50	152,595.00	1.93%
ORACLE CORP	10/15/2017	996,840.00	996,440.00	1.33%
PACCAR FINANCIAL CORP	6/5/2015	69,932.10	70,179.20	0.45%
PACCAR FINANCIAL CORP	11/17/2017	79,964.80	79,796.80	1.49%
PACCAR FINANCIAL CORP	2/8/2016	99,966.00	100,148.00	0.66%
PACCAR FINANCIAL CORP	3/15/2017	101,324.00	100,839.00	1.21%
PACCAR FINANCIAL CORP	2/8/2016	209,714.40	210,310.80	0.66%
PACCAR FINANCIAL CORP	11/16/2015	797,888.00	802,136.00	0.39%
PACCAR FINANCIAL CORP	8/16/2016	1,048,981.50	1,055,323.50	0.84%
PACCAR FINANCIAL CORP	2/8/2016	1,100,924.00	1,101,628.00	0.66%
PACCAR FINANCIAL CORP	11/17/2017	1,199,472.00	1,196,952.00	1.49%
PACCAR FINANCIAL CORP	11/17/2017	2,224,021.00	2,219,348.50	1.49%
PACIFIC GAS & ELECTRIC	11/30/2017	103,338.00	100,031.40	1.69%
PECO ENERGY CO	10/15/2016	30,267.90	30,119.10	0.98%
PEPSICO INC	8/13/2017	199,372.00	199,612.00	1.33%
PEPSICO INC	8/13/2015	235,777.85	235,441.80	0.39%
PEPSICO INC	8/13/2017	496,215.00	499,030.00	1.33%
PEPSICO INC	5/10/2016	601,656.00	612,996.00	0.89%
PEPSICO INC	2/22/2017	1,897,834.00	1,893,578.00	1.11%
PFIZER INC	1/15/2017	129,792.09	129,483.90	1.10%
PHILIP MORRIS INTL INC	5/16/2016	512,795.00	511,890.00	0.76%
PHILIP MORRIS INTL INC	3/20/2017	743,647.50	758,047.50	1.13%
PHILIP MORRIS INTL INC	11/9/2017	1,610,510.30	1,605,552.25	1.46%
PNC BANK NA	1/27/2017	469,309.10	469,750.90	1.15%
PNC BANK NA	9/21/2017	673,238.70	660,727.60	1.73%
PNC BANK NA	10/18/2017	1,999,620.00	1,997,760.00	1.54%
PNC BANK NA	1/27/2017	2,496,325.00	2,498,675.00	1.15%
PNC FUNDING CORP	9/19/2016	63,443.40	61,617.60	1.03%
PNC FUNDING CORP	2/8/2015	425,483.24	411,205.40	0.75%
PNC FUNDING CORP	9/19/2016	1,145,529.00	1,129,656.00	1.03%
PRAXAIR INC	11/7/2017	39,737.20	39,578.00	1.43%
PRAXAIR INC	8/15/2019	55,353.50	55,059.00	2.19%
PRAXAIR INC	11/7/2018	58,611.60	58,614.60	1.87%
PRAXAIR INC	3/30/2015	67,331.40	60,606.00	0.53%
PRAXAIR INC	11/7/2018	97,590.00	97,691.00	1.87%

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PRAXAIR INC	11/7/2017	109,486.30	108,839.50	1.43%
PRAXAIR INC	11/7/2017	140,847.00	138,523.00	1.43%
PRAXAIR INC	2/21/2016	999,380.00	1,000,070.00	0.74%
PRECISION CASTPARTS CORP	12/20/2015	269,919.00	269,006.40	1.08%
PRICOA GLOBAL FUNDING 1	5/16/2019	516,562.80	517,498.80	2.32%
PRINCIPAL LFE GLB FND II	9/11/2017	79,962.40	79,772.80	1.61%
PRINCIPAL LFE GLB FND II	12/11/2015	100,335.00	100,256.00	0.73%
PRINCIPAL LFE GLB FND II	5/19/2017	199,036.00	198,588.00	1.50%
PRINCIPAL LFE GLB FND II	12/11/2015	300,891.00	300,768.00	0.73%
PRINCIPAL LFE GLB FND II	12/11/2015	449,707.50	451,152.00	0.73%
PROCTER & GAMBLE CO/THE	11/15/2015	25,673.50	25,285.00	0.49%
PROCTER & GAMBLE CO/THE	8/15/2016	102,560.00	101,161.00	0.73%
PROCTER & GAMBLE CO/THE	11/15/2018	370,799.20	369,086.10	1.67%
PROCTER & GAMBLE CO/THE	8/15/2016	783,648.40	799,171.90	0.73%
PROCTER & GAMBLE CO/THE	11/1/2019	798,784.00	801,608.00	1.86%
PROCTER & GAMBLE CO/THE	11/4/2016	2,299,793.00	2,299,632.00	0.76%
PUB SVC ELEC & GAS	5/1/2015	62,722.80	60,439.20	0.50%
PUB SVC ELEC & GAS	5/1/2015	83,649.60	80,585.60	0.50%
PUB SVC ELEC & GAS	5/1/2018	198,042.25	194,444.25	1.85%
PUBLIC SERVICE ELECTRIC	8/15/2019	35,218.40	34,905.85	2.06%
RABOBANK NEDERLAND	1/19/2017	527,390.00	521,595.00	1.23%
RABOBANK NEDERLAND	1/19/2017	695,038.50	678,073.50	1.23%
RABOBANK NEDERLAND	1/19/2017	1,171,049.00	1,147,509.00	1.23%
SAN DIEGO GAS & ELECTRIC	11/15/2015	169,434.00	156,135.00	0.59%
SIMON PROPERTY GROUP LP	9/15/2017	41,560.00	40,678.00	1.45%
SIMON PROPERTY GROUP LP	9/15/2017	77,601.00	76,271.25	1.45%
SIMON PROPERTY GROUP LP	2/1/2018	78,793.60	79,492.80	1.71%
SIMON PROPERTY GROUP LP	6/15/2015	1,081,078.50	1,024,647.75	0.79%
SOUTHERN CAL EDISON	1/15/2016	47,916.90	46,994.85	0.71%
SOUTHERN CAL EDISON	8/15/2018	50,859.90	50,696.55	1.87%
SOUTHERN CAL EDISON	5/1/2017	57,981.44	57,853.26	1.24%
SOUTHERN CAL EDISON	8/15/2018	114,483.00	112,659.00	1.87%
SOUTHERN CAL EDISON	5/1/2017	249,920.00	249,367.50	1.24%
SOUTHERN CAL EDISON	5/1/2017	899,712.00	897,723.00	1.24%
SOUTHERN CO	9/1/2016	41,324.40	40,500.80	1.19%
SOUTHERN CO	9/1/2016	92,385.90	91,126.80	1.19%
SOUTHERN CO	8/15/2017	429,862.40	428,232.70	1.46%
SOUTHERN CO	8/15/2017	749,850.00	746,917.50	1.46%
STATE STREET CORP	3/7/2016	63,783.60	61,467.60	0.79%
STATE STREET CORP	4/30/2017	94,543.20	87,440.80	1.31%
STATE STREET CORP	5/15/2018	98,574.00	98,342.00	1.86%
STATE STREET CORP	3/7/2016	104,706.00	102,446.00	0.79%
SYSCO CORPORATION	10/2/2017	56,978.34	56,937.30	1.49%
SYSCO CORPORATION	6/12/2015	297,957.00	300,288.00	0.33%
SYSCO CORPORATION	10/2/2017	869,669.40	869,043.00	1.49%
TARGET CORP	6/26/2019	251,967.50	253,075.00	2.01%
TEXAS INSTRUMENTS INC	8/3/2015	99,777.00	100,110.00	0.26%
TEXAS INSTRUMENTS INC	5/16/2016	100,537.55	97,181.20	0.69%
TEXAS INSTRUMENTS INC	3/12/2017	698,614.00	697,025.00	1.07%
TEXAS INSTRUMENTS INC	8/3/2015	846,149.50	850,935.00	0.26%
TEXAS INSTRUMENTS INC	3/12/2017	1,247,525.00	1,244,687.50	1.07%
TORONTO-DOMINION BANK	9/9/2016	1,167,543.00	1,180,424.70	0.97%
TOYOTA MOTOR CREDIT CORP	6/17/2015	52,143.00	50,623.50	0.49%
TOYOTA MOTOR CREDIT CORP	1/12/2017	62,215.20	61,120.80	1.12%
TOYOTA MOTOR CREDIT CORP	5/16/2017	74,960.25	74,716.50	1.29%
TOYOTA MOTOR CREDIT CORP	9/15/2016	79,584.80	81,450.40	0.93%
TOYOTA MOTOR CREDIT CORP	6/17/2015	84,790.40	80,997.60	0.49%
TOYOTA MOTOR CREDIT CORP	6/17/2015	84,831.20	80,997.60	0.49%
TOYOTA MOTOR CREDIT CORP	2/17/2015	100,980.00	100,075.00	0.41%
TOYOTA MOTOR CREDIT CORP	2/17/2015	101,043.00	100,075.00	0.41%
TOYOTA MOTOR CREDIT CORP	1/11/2016	104,106.00	102,171.00	0.68%

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TRAVELERS COS INC	6/20/2016	52,848.90	48,437.55	1.00%
TRAVELERS COS INC	6/20/2016	53,122.95	48,437.55	1.00%
TRAVELERS COS INC	12/1/2015	56,975.50	52,065.00	0.96%
TRAVELERS COS INC	12/15/2017	119,868.00	111,600.00	1.71%
TRAVELERS COS INC	12/1/2015	220,772.00	208,260.00	0.96%
UBS AG STAMFORD CT	8/14/2017	1,395,492.00	1,390,886.00	1.63%
UNITED PARCEL SERVICE	10/1/2017	33,922.14	33,832.72	1.31%
UNITED PARCEL SERVICE	10/1/2017	85,812.52	85,576.88	1.31%
UNITED PARCEL SERVICE	10/1/2017	100,119.00	99,508.00	1.31%
UNITED TECHNOLOGIES CORP	6/1/2017	41,239.20	40,522.80	1.25%
UNITED TECHNOLOGIES CORP	12/15/2017	45,910.40	44,467.20	1.50%
UNITED TECHNOLOGIES CORP	5/1/2015	148,531.05	136,890.00	0.66%
UNITEDHEALTH GROUP INC	11/15/2016	53,720.16	52,823.16	1.02%
UNITEDHEALTH GROUP INC	2/15/2018	75,608.65	73,167.25	1.84%
UNITEDHEALTH GROUP INC	11/15/2016	138,554.66	136,121.22	1.02%
UNITEDHEALTH GROUP INC	10/15/2015	221,163.80	220,635.80	0.48%
UNITEDHEALTH GROUP INC	12/15/2017	639,116.80	639,430.40	1.43%
UNITEDHEALTH GROUP INC	12/15/2017	918,730.40	919,181.20	1.43%
UNITEDHEALTH GROUP INC	11/15/2016	1,211,659.40	1,198,679.40	1.02%
UNITEDHEALTH GROUP INC	11/15/2016	1,871,902.88	1,842,715.62	1.02%
US BANCORP	11/15/2016	113,405.60	112,250.60	1.04%
US BANCORP	5/15/2017	255,618.40	252,872.46	1.32%
US BANCORP	11/15/2018	504,465.00	501,520.00	1.87%
US BANCORP	5/15/2017	538,733.60	532,946.34	1.32%
US BANK NA CINCINNATI	1/30/2017	1,099,835.00	1,099,087.00	1.14%
US BANK NA CINCINNATI	9/11/2017	1,319,260.80	1,320,805.20	1.35%
US BANK NA CINCINNATI	9/11/2017	1,998,880.00	2,001,220.00	1.35%
US BANK NA CINCINNATI	1/30/2017	2,999,550.00	2,997,510.00	1.14%
VESEY STREET INV TRUST I	9/1/2016	90,117.00	94,417.20	1.41%
VIRGINIA ELEC & POWER CO	6/30/2019	56,267.00	56,018.50	2.18%
VIRGINIA ELEC & POWER CO	6/30/2019	78,746.50	78,425.90	2.18%
VIRGINIA ELEC & POWER CO	9/15/2017	114,480.00	111,551.00	1.57%
VIRGINIA ELEC & POWER CO	4/30/2018	121,760.10	117,399.45	1.73%
VOLKSWAGEN GROUP AMERICA	5/23/2017	1,299,194.00	1,293,604.00	1.46%
VOLKSWAGEN GROUP AMERICA	11/20/2017	1,399,062.00	1,394,876.00	1.73%
WACHOVIA BANK NA	3/15/2016	988,227.00	949,194.00	1.02%
WACHOVIA CORP	10/15/2016	149,267.30	139,802.00	1.34%
WACHOVIA CORP	10/15/2016	689,124.00	645,240.00	1.34%
WAL-MART STORES INC	4/5/2017	170,902.50	163,996.50	1.18%
WAL-MART STORES INC	4/21/2017	249,962.50	249,425.00	1.10%
WAL-MART STORES INC	4/15/2016	317,547.00	307,857.00	0.75%
WAL-MART STORES INC	4/5/2017	381,519.60	360,792.30	1.18%
WAL-MART STORES INC	4/11/2016	479,659.20	479,774.40	0.64%
WALT DISNEY COMPANY/THE	5/30/2017	74,865.00	74,555.25	1.12%
WALT DISNEY COMPANY/THE	9/15/2016	77,153.05	70,262.40	0.83%
WALT DISNEY COMPANY/THE	12/1/2015	139,213.20	139,960.80	0.48%
WALT DISNEY COMPANY/THE	9/15/2016	177,382.50	162,144.00	0.83%
WALT DISNEY COMPANY/THE	2/15/2017	803,760.00	800,272.00	1.11%
WALT DISNEY COMPANY/THE	8/16/2016	1,022,590.00	1,009,390.00	0.77%
WALT DISNEY COMPANY/THE	8/16/2016	1,520,640.00	1,514,085.00	0.77%
WALT DISNEY COMPANY/THE	5/30/2017	2,395,680.00	2,385,768.00	1.12%
WELLS FARGO & COMPANY	7/1/2015	50,155.00	50,268.50	0.42%
WELLS FARGO & COMPANY	9/15/2016	77,115.23	75,728.60	1.17%
WELLS FARGO & COMPANY	6/2/2017	99,874.00	99,454.00	1.38%
WELLS FARGO & COMPANY	7/1/2015	100,929.00	100,537.00	0.42%
WELLS FARGO & COMPANY	2/13/2015	101,186.00	100,096.00	0.42%
WELLS FARGO & COMPANY	12/15/2016	104,517.00	102,742.00	1.20%
WELLS FARGO & COMPANY	4/22/2019	150,267.00	149,961.00	2.13%
WELLS FARGO & COMPANY	9/15/2016	169,450.32	166,389.60	1.17%
WELLS FARGO & COMPANY	12/15/2016	208,472.00	205,484.00	1.20%
WELLS FARGO & COMPANY	6/2/2017	239,697.60	238,689.60	1.38%

**Orange County Transportation Authority
Portfolio Listing
As of December 31, 2014**

WELLS FARGO & COMPANY	6/2/2017	249,255.00	248,635.00	1.38%
WELLS FARGO & COMPANY	6/15/2016	266,735.00	259,325.00	1.09%
WELLS FARGO & COMPANY	5/8/2017	719,936.00	711,865.00	1.37%
WELLS FARGO & COMPANY	5/8/2017	1,776,420.80	1,789,832.00	1.37%
WELLS FARGO & COMPANY	6/2/2017	2,996,220.00	2,983,620.00	1.38%
WISC ELEC POWER	6/15/2018	105,225.75	104,535.90	1.83%
WISC ELEC POWER	12/1/2015	148,352.50	131,276.25	0.74%
WYETH LLC	4/1/2017	113,403.00	109,579.00	1.13%
XTO ENERGY INC	6/30/2015	114,630.00	102,418.00	0.43%
XTO ENERGY INC	12/15/2018	121,526.00	117,583.00	1.87%
<i>SUB-TOTAL</i>		<i>251,136,709.48</i>	<i>249,022,343.00</i>	

VARIABLE RATE NOTES

AMERICAN EXPRESS CO	5/22/2018	1,010,000.00	1,009,969.70	0.83%
AMERICAN EXPRESS CREDIT	7/29/2016	503,160.50	501,870.00	0.51%
AMERICAN EXPRESS CREDIT	3/18/2019	540,000.00	537,748.20	0.90%
AMERICAN EXPRESS CREDIT	7/29/2016	1,130,000.00	1,134,226.20	0.51%
AT&T INC	11/27/2018	330,000.00	335,303.10	0.75%
BANK OF AMERICA CORP	4/1/2019	300,000.00	300,495.00	1.08%
BANK OF NOVA SCOTIA	7/15/2016	1,100,000.00	1,102,508.00	0.61%
BNP PARIBAS	12/12/2016	1,290,000.00	1,292,463.90	0.74%
BOKF NA	5/15/2017	284,766.30	284,247.60	1.06%
BOKF NA	5/15/2017	448,254.00	448,812.00	1.06%
BOKF NA	5/15/2017	676,358.69	677,207.44	1.06%
CITIGROUP INC	3/10/2017	500,000.00	498,800.00	0.90%
CITIGROUP INC	4/8/2019	630,000.00	632,362.50	0.93%
DAIMLER FINANCE NA LLC	8/1/2018	1,070,000.00	1,083,578.30	0.75%
DUKE ENERGY INDIANA INC	7/11/2016	660,000.00	661,095.60	0.48%
DUKE ENERGY INDIANA INC	7/11/2016	1,164,582.00	1,161,925.60	0.48%
DUKE ENERGY PROGRESS INC	3/6/2017	1,880,000.00	1,874,284.80	0.58%
EBAY INC	7/28/2017	500,000.00	497,200.00	0.66%
EBAY INC	7/28/2017	1,000,610.00	994,400.00	0.66%
GENERAL ELEC CAP CORP	7/12/2016	1,090,000.00	1,097,422.90	0.44%
GOLDMAN SACHS GROUP INC	4/30/2018	254,759.00	252,932.50	1.09%
GOLDMAN SACHS GROUP INC	4/30/2018	1,090,000.00	1,102,785.70	1.09%
HSBC USA INC	9/24/2018	820,000.00	827,183.20	0.91%
HSBC USA INC	11/13/2019	1,360,000.00	1,359,959.20	0.86%
HUNTINGTON NATIONAL BANK	4/24/2017	250,000.00	249,740.00	0.73%
IBM CORP	2/12/2019	170,000.00	170,477.70	0.54%
JOHNSON & JOHNSON	11/28/2016	1,150,000.00	1,150,839.50	0.27%
JPMORGAN CHASE & CO	2/15/2017	430,000.00	428,912.10	0.88%
JPMORGAN CHASE & CO	1/25/2018	540,000.00	544,239.00	0.89%
JPMORGAN CHASE & CO	11/18/2016	1,300,000.00	1,299,480.00	0.71%
JPMORGAN CHASE & CO	1/25/2018	1,500,000.00	1,511,775.00	0.89%
LOWE'S COS INC	9/10/2019	680,000.00	681,224.00	0.63%
MANUF & TRADERS TRUST CO	1/30/2017	642,009.60	639,270.40	0.67%
MANUF & TRADERS TRUST CO	1/30/2017	702,373.00	699,202.00	0.67%
MEDTRONIC INC	2/27/2017	1,250,000.00	1,245,962.50	0.48%
NBCUNIVERSAL ENTERPRISE	4/15/2016	502,877.50	500,900.00	0.64%
NBCUNIVERSAL ENTERPRISE	4/15/2016	610,689.30	611,098.00	0.64%
PACCAR FINANCIAL CORP	12/6/2018	230,000.00	231,327.10	0.70%
ROCKWELL COLLINS INC	12/15/2016	1,090,000.00	1,090,174.40	0.59%
TORONTO-DOMINION BANK	11/5/2019	1,360,000.00	1,362,556.80	0.76%
WELLS FARGO BANK NA	5/16/2016	1,098,647.00	1,096,986.00	0.65%
WESTPAC BANKING CORP	7/30/2018	830,000.00	837,013.50	0.75%
<i>SUB-TOTAL</i>		<i>33,969,086.89</i>	<i>34,019,959.44</i>	

STATE OF CALIFORNIA AND LOCAL AGENCIES

CA EARTHQUAKE AUTH	7/1/2017	470,000.00	468,684.00	1.94%
CA ST DEPT OF WTR-AO	12/1/2015	500,000.00	501,130.00	0.40%
CALIFORNIA ST-TXBL	2/1/2016	792,670.20	794,060.60	0.57%

**Orange County Transportation Authority
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CALIFORNIA ST-TXBL	2/1/2016	1,410,640.00	1,407,196.00	0.57%
UNIV CA-AJ-TXBL	5/15/2016	400,000.00	400,468.00	0.82%
UNIV OF CALIFORNIA-AN	5/15/2016	640,000.00	638,393.60	0.82%
UNIV OF CALIFORNIA-AN	5/15/2017	1,500,000.00	1,499,715.00	1.23%
<i>SUB-TOTAL</i>		5,713,310.20	5,709,647.20	

MORTGAGE AND ASSET-BACK SECURITIES

AMXCA 2012-2 A	3/15/2018	999,726.56	1,000,770.00	0.55%
AMXCA 2012-2 A	3/15/2018	2,999,062.50	3,002,310.00	0.55%
BMWFT 2012-1A A	9/15/2017	320,412.50	320,464.00	0.37%
BMWFT 2012-1A A	9/15/2017	630,836.72	630,913.50	0.37%
BMWFT 2012-1A A	9/15/2017	750,000.00	751,087.50	0.37%
BMWFT 2012-1A A	9/15/2017	1,002,148.44	1,001,450.00	0.37%
BMWLT 2013-1 A3	9/21/2015	738,884.45	739,120.93	0.44%
CCCIT 2006-A3 A3	3/15/2018	265,425.00	252,960.00	0.79%
CCCIT 2006-A8 A8	12/17/2018	1,340,718.75	1,343,682.00	0.53%
CCCIT 2013-A3 A3	7/23/2018	1,999,596.60	2,005,460.00	0.93%
CCCIT 2013-A6 A6	9/7/2018	1,299,926.55	1,307,202.00	0.99%
CCCIT 2014-A2 A2	2/22/2019	1,499,739.30	1,494,240.00	1.20%
CCCIT 2014-A2 A2	2/22/2019	1,997,040.00	1,992,320.00	1.20%
CHAIT 2006-A2 A2	4/16/2018	995,765.63	944,109.00	0.77%
CHAIT 2006-A2 A2	4/16/2018	1,862,651.18	1,830,522.45	0.77%
CHAIT 2007-A12 A12	8/15/2019	2,485,839.85	2,485,600.00	0.44%
CHAIT 2012-A3 A3	6/15/2017	2,003,750.00	2,002,660.00	0.50%
CHAIT 2012-A5 A5	8/15/2017	2,499,908.00	2,500,800.00	0.54%
CHAIT 2014-A7 A	11/15/2019	2,599,695.02	2,589,678.00	1.52%
CHAIT 2014-A7 A	11/15/2019	2,999,648.10	2,988,090.00	1.52%
FHLB Y2-2015 1	4/20/2015	598,871.03	601,049.41	2.55%
FHMS K501 A1	6/25/2016	146,533.48	144,663.77	0.73%
FHMS K501 A2	11/25/2016	1,146,595.31	1,121,699.40	0.93%
FHMS K502 A1	12/25/2016	1,212,296.51	1,210,633.21	0.79%
FITAT 2014-2 A2B	4/17/2017	900,000.00	899,514.00	0.42%
FNA 2012-M9 ASQ2	12/25/2017	2,177,092.97	2,132,300.40	1.44%
FNA 2014-M1 ASQ2	11/25/2018	695,783.40	697,686.20	1.78%
FNA 2014-M1 ASQ2	11/25/2018	1,242,248.34	1,252,779.60	1.78%
FNA 2014-M4 ASQ2	1/25/2017	1,999,800.00	1,990,395.00	0.89%
FNA 2014-M5 FA	1/25/2017	732,062.38	731,293.08	0.47%
FNA 2014-M5 FA	1/25/2017	1,091,814.52	1,092,736.79	0.47%
FNA 2014-M8 FA	5/25/2018	1,258,086.83	1,258,537.35	0.41%
FNA 2014-M8 FA	5/25/2018	1,535,191.66	1,533,532.71	0.41%
FNA 2014-M9 ASQ2	4/25/2017	2,878,481.48	2,870,064.00	1.07%
GEEMT 2014-1 A3	5/22/2018	1,499,990.85	1,499,265.00	1.17%
HAROT 2012-2 A4	5/15/2018	1,003,515.63	1,001,660.00	0.69%
HAROT 2012-4 A4	12/18/2018	707,331.41	707,042.42	0.65%
HAROT 2013-3 A2	1/15/2016	360,999.14	361,022.57	0.48%
HAROT 2013-4 A2	4/18/2016	434,760.81	434,756.46	0.47%
HAROT 2013-4 A3	9/18/2017	565,529.69	564,576.25	0.76%
HAROT 2013-4 A3	9/18/2017	763,869.51	763,427.00	0.76%
HAROT 2014-1 A3	11/21/2017	1,079,882.17	1,077,429.60	0.83%
HAROT 2014-1 A3	11/21/2017	2,496,093.75	2,494,050.00	0.83%
HAROT 2014-2 A3	3/19/2018	433,947.83	433,040.86	0.90%
JDOT 2013-A A3	3/15/2017	1,322,457.21	1,321,991.78	0.39%
JDOT 2013-B A3	8/15/2017	999,863.70	1,002,090.00	0.61%
JDOT 2013-B A3	8/15/2017	1,999,727.40	2,004,180.00	0.61%
JDOT 2014-A A3	4/16/2018	1,499,759.70	1,499,310.00	0.95%
JDOT 2014-A A3	4/16/2018	1,699,727.66	1,699,218.00	0.95%
JDOT 2014-A A3	4/16/2018	2,499,599.50	2,498,850.00	0.95%
JDOT 2014-B A3	11/15/2018	713,844.06	711,201.12	1.27%
MBALT 2013-A A3	2/15/2016	2,160,708.95	2,160,895.34	0.63%
MBART 2013-1 A2	3/15/2016	148,236.08	148,260.78	0.38%
TAOT 2012-A A3	2/16/2016	57,005.86	56,873.84	0.48%

**Orange County Transportation Authority
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TAOT 2012-A A3	2/16/2016	132,925.60	132,705.62	0.48%
TAOT 2012-A A3	2/16/2016	160,275.69	160,384.22	0.48%
TAOT 2013-A A3	1/17/2017	227,816.23	227,943.29	0.44%
TAOT 2013-A A3	1/17/2017	373,469.24	373,677.52	0.44%
TAOT 2014-A A3	12/15/2017	1,658,693.42	1,657,175.10	0.75%
TAOT 2014-B A3	3/15/2018	1,999,682.60	1,994,080.00	0.97%
TAOT 2014-C A3	7/16/2018	959,958.43	959,798.40	0.94%
TAOT 2014-C A3	7/16/2018	2,999,870.10	2,999,370.00	0.94%
USAOT 2014-1 A3	12/15/2017	1,694,924.06	1,691,711.70	0.78%
USAOT 2014-1 A3	12/15/2017	2,499,888.00	2,495,150.00	0.78%
<i>SUB-TOTAL</i>		84,059,987.32	83,851,461.14	
SHORT-TERM PORTFOLIO - TOTAL		\$ 1,066,173,036.20	\$ 1,060,611,795.31	

DEBT SERVICE RESERVE FUNDS

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>REQUIRED AMOUNT</u>	<u>YIELD</u>
<i>91 EXPRESS LANES 2013 BONDS</i>	2030		10,799,437.46	
US BANK COMMERCIAL PAPER	2/2/2015	10,808,455.56		0.09%
<i>91 EXPRESS LANES 2013 BONDS - OPERATING & MAINTENANCE RESERVES</i>			13,000,000.00	
OPERATING RESERVE: BofWEST NEG CD	1/2/2015	3,000,000.00		0.07%
MAINTENANCE RESERVE: BofWEST NEG CD	1/2/2015	10,000,000.00		0.07%
DEBT SERVICE RESERVE FUNDS - TOTAL		\$ 23,808,455.56		

	<u>Book Value</u>	<u>Market Value</u>
TOTAL PORTFOLIO	\$ 1,256,538,060.34	\$ 1,250,922,443.41



COMMITTEE TRANSMITTAL

January 26, 2015

To: Members of the Board of Directors
From: Laurena Weinert, Clerk of the Board
Subject: Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2014

Finance and Administration Committee Meeting of January 14, 2015

Present: Directors Jones, Lalloway, Spitzer, and Ury
Absent: Directors Hennessey and Pulido

Committee Vote

This item was passed by the Members present.

Committee Recommendations

- A. Receive and file the Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2014.
- B. Direct staff to monitor implementation of recommendations related to the classification of Maintenance of Effort expenditures, allocation of interest, provisions of contracts with third party service providers, and timeliness of monthly activity reporting.

Committee Discussion

At the January 14, 2015, Finance and Administration Committee meeting, Committee Chairman Spitzer directed Internal Audit to contact the City of Orange and obtain a revised response with the City's commitment to complying with all requirements (Transmittal Attachment).



CITY OF ORANGE

FINANCE DIRECTOR

(714) 744-2234

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FAX: (714) 744-2245

January 20, 2015

Ms. Janet Sutter
Executive Director, Internal Audit
Orange County Transportation Authority
550 South Main Street, P.O.Box 14184
Orange, CA 92863-1584

Dear Ms. Sutter,

We understand OCTA's Finance & Administration Committee raised some questions regarding the findings noted by Vavrinek, Trine, Day & Co. LLP (VTD) during their review of the M2 Senior Mobility Funds allocated to the City of Orange for the period ending June 30, 2014. VTD performed ten procedural reviews, which resulted in three findings. This letter is an acknowledgement of the three findings, a description of corrective actions taken and an expression of the City's commitment to ensure compliance with requirements going forward.

- **Interest Allocation:** In VTD's Procedure #4, they reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Senior Mobility Program Fund. Based on their review of the general ledger and discussion with City accounting personnel, the Measure M2 Senior Mobility Program was not allocated any interest during the year ended June 30, 2014.

The City accounts for all Measure M2 revenues and expenditures in a single special revenue fund. We track revenues and expenditures for M2 street projects and the Senior Mobility Program using individual project numbers for each fiscal year. Interest income attributable to the cash balance of the entire fund is allocated in total on a monthly basis. Subsequent to this finding, the City has recalculated interest for the three years of the Measure M2 program. Effective July 1, 2014, we have allocated interest to the Senior Mobility Program based on its remaining cash balance at June 30, for each program year. Interest of \$100.29, \$447.55, and \$657.66 has been allocated to remaining funds from fiscal years 2011-12, 2012-13, and 2013-14, respectively. Measures have been put in place to ensure that interest is properly allocated to the Senior Mobility Program.

- **Wheelchair Accessibility:** In Procedure #8, VTD determined the City contracts with a third party service provider for 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 the inclusion of the term: "Wheelchair accessible vehicles are available and used when requested."

The City contracts with Orange Elderly Services (OES) to run its Senior Programs, of which the Senior Mobility Program is a component. OES then contracts with a third party service provider, Western Transit Systems, for senior transportation services. VTD determined the contractor was selected using a competitive procurement process; however, when they reviewed the contract agreement between OES and Western Transit Systems, inclusion of the term "Wheelchair accessible vehicles are available and used when requested" was not present. The agreement did include a clause which stated: "All vehicles utilized by Contractor must be ADA approved, lift, equipped, accessible vehicles." The City acknowledges this finding, has communicated it to OES, and the language will be reflected in all future agreements.

- **Timeliness of Reports:** In VTD's Procedure #10, they tested to determine monthly summary reports were properly prepared and submitted to the Orange County Local Transportation Authority (OCLTA) within thirty (30) calendar days of month end. VTD noted three of four reports tested, for the months of September 2013, November 2013, and January 2014, were not submitted by the deadline.

For all three reports that were submitted after the 30 day period, OES staff had received invoices from Western Transit Systems that did not match the OES passenger records. As a non-profit entity with limited and sometimes volunteer staff, OES requested amended invoices from Western Transit Systems to perform their due diligence review; however, revised invoices were not received in time to make the 30 day deadline. Those reports were submitted as soon as it was possible. In the future, the City is committed to submitting summary reports in a timely manner.

We apologize for any confusion our initial responses may have caused and are happy to address any questions or concerns that remain. We want to assure OCTA that the City is committed to compliance with the requirements of all programs that the City is involved with.

Sincerely yours,

A handwritten signature in blue ink that reads "William Kolbow". The signature is fluid and cursive, with a long horizontal stroke at the end.

William M. Kolbow, CPA
Finance Director



January 14, 2015

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Orange County Local Transportation Authority Measure M2
Agreed-Upon Procedures Reports, Year Ended June 30, 2014

Overview

Vavrinek, Trine, Day & Company, LLP, an independent accounting firm, has completed agreed-upon procedures related to Measure M2 Local Fair Share funds provided to ten cities and Senior Mobility Program funds distributed to three cities for the fiscal year ended June 30, 2014. The agreed-upon procedures were developed by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority to assist them in evaluating the level of compliance with provisions of the Measure M2 Ordinance.

Recommendations

- A. Receive and file the Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2014.
- B. Direct staff to monitor implementation of recommendations related to the classification of Maintenance of Effort expenditures, allocation of interest, provisions of contracts with third party service providers, and timeliness of monthly activity reporting.

Background

Annually, the Audit Subcommittee (Subcommittee) of the Taxpayers Oversight Committee selects a sample of cities receiving Measure M2 funding for evaluation to determine the cities' level of compliance with provisions of the ordinance. For the fiscal year (FY) ended June 30, 2014, the Subcommittee selected ten cities for review of Local Fair Share (LFS) program funding and

three cities for review of Senior Mobility Program (SMP) funding. The agreed-upon procedures applied for these reviews were approved by the Subcommittee.

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

The SMP funds local community transportation services for seniors. This program provides 80 percent of the funding allocation, and participating local jurisdictions provide a 20 percent match. A cooperative agreement is executed between the local jurisdiction and the Orange County Local Transportation Authority (OCLTA) to outline requirements of the program and required matching funds.

Discussion

Vavrinek, Trine, Day & Company, LLP, (auditors) conducted the agreed-upon procedures, including site visits to each of the selected cities, and conducted interviews of city finance and program-related staff. Procedures also included sample testing of expenditures for compliance with related program requirements.

Agreed-Upon Procedures: Local Fair Share Program Funds

The auditors noted no exceptions based on the procedures performed at the cities of Aliso Viejo, Buena Park, Costa Mesa, Dana Point, La Habra, Orange, Santa Ana, Stanton, and Westminster.

At the City of Seal Beach, auditors identified four expenditures totaling \$3,991 that were classified, but did not qualify, as MOE expenditures. After removing these expenditures, the City of Seal Beach still met their MOE requirement and management responded that they would look for ways to ensure costs are appropriately recorded in the future.

Agreed-Upon Procedures: Senior Mobility Program Funds

Auditors found that the cities of Orange, Seal Beach, and Westminster did not consistently submit monthly reports to OCLTA within 30 calendar days, as required. In addition, reports submitted by the City of Westminster did not

include actual activities but, instead, reflected projected activities. The City of Orange responded that delays were related to issues identified in the invoices received from their service provider that took time to resolve and resulted in late submission of these reports. The cities of Seal Beach and Westminster committed to ensuring that reports are filed timely in the future and the City of Westminster agreed to include actual expenditures in future reporting. OCLTA management should monitor to ensure reports are filed timely.

The agreements between the City of Orange and the City of Seal Beach and their respective contracted service providers did not include a required statement related to the availability of wheelchair accessible vehicles. The cities asserted that wheelchair accessible vehicles are utilized and that the required language would be added at the next renewal, or in future agreements. OCLTA management should follow-up to ensure that the required language is included.

Finally, the auditors noted that the City of Orange had not allocated interest to the Measure M2 SMP account. The city responded that interest has been recalculated and credited to the account.

Summary

The auditors have completed agreed-upon procedures related to Measure M2 LFS funds provided to ten cities and SMP funds distributed to three cities for the FY ended June 30, 2014.

Attachments

- A. Orange County Local Transportation Authority Measure M2 Local Fair Share Agreed-Upon Procedures Reports Year Ended June 30, 2014
- B. Orange County Local Transportation Authority Measure M2 Senior Mobility Program Agreed-Upon Procedures Report Year Ended June 30, 2014

Prepared by:



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

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY
MEASURE M2 LOCAL FAIR SHARE
AGREED-UPON PROCEDURES REPORTS
Year Ended June 30, 2014**

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY
MEASURE M2 LOCAL FAIR SHARE
AGREED-UPON PROCEDURES REPORTS
Year Ended June 30, 2014**

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, 2014. Please refer to the individual divider tab for our report on each Agency.

City of Aliso Viejo

City of Buena Park

City of Costa Mesa

City of Dana Point

City of La Habra

City of Orange

City of Santa Ana

City of Seal Beach

City of Stanton

City of Westminster



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF ALISO 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 Aliso Viejo's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance 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 the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$400,000 in MOE expenditures during the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: All MOE expenditures are tracked in the general ledger by fund and activity. The City recorded its MOE expenditures in its General Fund. No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2014 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2014 were \$402,023 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

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

Results: MOE expenditures tested totaled \$346,306 representing approximately 86% of total MOE expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges. We reviewed the amounts charged and 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, we noted no indirect MOE expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the cash balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2014 and determined whether funds were expended within three years of receipt.

Results: The City received \$1,636,977 for the past three fiscal years, which included \$44,063 in Measure M Turnback (M1) funds for the fiscal year ended June 30, 2012, and Measure M2 Local Fair Share (M2) funds in the amount of \$1,592,914 for fiscal years ended June 30, 2012, 2013 and 2014. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2012/2013	Local Fair Share (M2)	\$ 471,222
2013/2014	Local Fair Share (M2)	\$ 481,632

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2014.

Results: The City’s Measure M2 Local Fair Share expenditures are incurred in the Capital Improvement Project Fund 311. Detailed expenditures are tracked by project numbers 084 (Aliso Creek Rehab) and 089 (Pacific Park Rehab). The City records a journal entry to transfer the M2 Local Fair Share portion of the project expenditures to the Measure M Fund 204. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2014 were \$457,536 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share 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 related to projects included in the City's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$441,114 representing approximately 96% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014 did not include indirect costs. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

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

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

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 Local Transportation Ordinance. 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 19, 2014

CITY OF ALISO VIEJO, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2014
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Street Maintenance	\$ 386,062
Traffic Engineering	<u>15,961</u>
Total MOE Expenditures	<u>402,023</u>
 Measure M2 Local Fair Share Expenditures:	
Aliso Creek Rehabilitation	208,491
Pacific Park Rehabilitation	<u>249,045</u>
Total Measure M2 Local Fair Share Expenditures	<u>457,536</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 859,559</u></u>

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



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

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

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 Buena Park's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance 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 the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$3,526,282 in MOE expenditures during the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: All MOE expenditures are tracked in the general ledger by fund and activity. The City recorded its MOE expenditures in its General Fund. No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2014 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2014 were \$4,180,283 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

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

Results: MOE expenditures tested totaled \$715,059 representing approximately 17% of total MOE expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges. We reviewed the amounts charged and 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, indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2014. Indirect MOE expenditures tested totaled \$39,173. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the cash balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2014 and determined whether funds were expended within three years of receipt.

Results: The City received \$3,476,776 for the past three fiscal years ended June 30, 2012, 2013 and 2014. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2012/2013	Local Fair Share (M2)	\$ 189,376
2013/2014	Local Fair Share (M2)	\$ 1,150,553

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2014.

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 25, Measure M2 Fund. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2014 were \$1,880,030 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share 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 related to projects included in the City’s Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$1,279,831 representing approximately 68% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, indirect costs were charged as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. Indirect Measure M2 Local Fair Share expenditures tested totaled \$3,668. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

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

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

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 Local Transportation Ordinance. 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 19, 2014

CITY OF BUENA PARK, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2014
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Street Reconstruction	\$ 62,074
Street Lights & Traffic Signals	1,226,786
Other Street Purpose Maintenance	1,897,940
Administration	993,483
	<hr/>
Total MOE Expenditures	4,180,283
	<hr/>
Measure M2 Local Fair Share Expenditures:	
Annual Pavement Rehab	1,136,488
Slurry Seal Program	347,749
La Palma - Beach to East City Limits	71,407
Aragon Circle & Descanso Avenue	75,470
Valley View Street from Caballero to Artesia	199,261
Burnham Avenue & Dodds Street	49,655
	<hr/>
Total Measure M Local Fair Share Expenditures	1,880,030
	<hr/>
Total MOE and Measure M2 Local Fair Share Expenditures	\$ 6,060,313
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Note: The above amounts were taken directly from the financial records of the City of Buena Park and were not audited.



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

Board of Directors

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

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 Costa Mesa's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance 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 the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$5,980,000 in MOE expenditures during the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: All MOE expenditures are tracked in the general ledger by fund and activity. The City recorded its MOE expenditures in its General Fund (101) and Capital Improvements Fund (401). No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2014 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2014 were \$7,218,124 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

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

Results: MOE expenditures tested totaled \$1,360,460 representing approximately 19% of total MOE expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges. We reviewed the amounts charged and 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, we noted no indirect MOE expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the cash balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2014 and determined whether funds were expended within three years of receipt.

Results: The City received \$5,769,699 for the past three fiscal years ended June 30, 2012, 2013 and 2014. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2011/2012	Local Fair Share (M2)	\$ 1,077,218
2012/2013	Local Fair Share (M2)	\$ 2,007,657
2013/2014	Local Fair Share (M2)	\$ 1,746,817

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2014.

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 416, Measure M2-Fairshare Fund. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2014 were \$972,632 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share 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 related to projects included in the City’s Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$803,051 representing approximately 83% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014 did not include indirect costs. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

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

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

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 Local Transportation Ordinance. 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 19, 2014

CITY OF COSTA MESA, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2014
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Maintenance	\$ 4,959,985
Construction	1,261,929
Administration	<u>996,210</u>
Total MOE Expenditures	<u>7,218,124</u>
Measure M2 Local Fair Share Expenditures:	
Rehab Redhill Avenue	38,130
Street Maintenance Citywide	<u>934,502</u>
Total Measure M2 Local Fair Share Expenditures	<u>972,632</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 8,190,756</u></u>

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



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF DANA POINT**

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 Dana Point's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance 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 the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$942,000 in MOE expenditures during the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: All MOE expenditures are tracked in the general ledger by fund and activity. The City recorded its MOE expenditures in its General Fund. No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2014 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2014 were \$1,582,668 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

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

Results: MOE expenditures tested totaled \$1,292,629 representing approximately 82% of total MOE expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges. We reviewed the amounts charged and 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, we noted no indirect MOE expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the cash balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2014 and determined whether funds were expended within three years of receipt.

Results: The City received \$1,328,776 for the past three fiscal years ended June 30, 2012, 2013 and 2014. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2013/2014	Local Fair Share (M2)	\$ 12,546

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2014.

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 11, Capital Improvements Fund. Detailed expenditures are also tracked by project number 1266 (FY 14 Residential Road Resurfacing Phase 1). Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2014 were \$632,560 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share 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 related to projects included in the City’s Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$632,560 representing 100% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014 did not include indirect costs. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

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

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

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 Local Transportation Ordinance. 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 19, 2014

CITY OF DANA POINT, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2014
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Street Maintenance Contract - OC Public Works	\$ 814,003
Striping and Stenciling Contract - OC Public Works	183,984
County Work Program	22,574
Concrete remove and replace	98,915
Asphalt remove and replace	99,801
Caltrans ROW litter removal	49,199
Graffiti removal	6,640
Street Sweeping	242,738
Storm Drain Maintenance Contract - OC Public Works	<u>64,814</u>
Total MOE Expenditures	<u>1,582,668</u>
Measure M2 Local Fair Share Expenditures:	
Residential Road Resurfacing Phase 1	<u>632,560</u>
Total Measure M2 Local Fair Share Expenditures	<u>632,560</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 2,215,228</u></u>

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



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

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

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 La Habra's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance 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 the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$1,297,000 in MOE expenditures during the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: All MOE expenditures are tracked in the general ledger by fund and activity. The City recorded its MOE expenditures in its General Fund (113). No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2014 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2014 were \$3,646,914 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

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

Results: MOE expenditures tested totaled \$880,837 representing approximately 24% of total MOE expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges. We reviewed the amounts charged and 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, indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2014. Indirect MOE expenditures tested totaled \$2,857. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the cash balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2014 and determined whether funds were expended within three years of receipt.

Results: The City received \$2,137,389 for the past three fiscal years ended June 30, 2012, 2013 and 2014. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2013/2014	Local Fair Share (M2)	\$ 294,445

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2014.

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 138, Measure M2 Fairshare Fund. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2014 were \$825,949 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share 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 related to projects included in the City’s Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$750,151 representing approximately 91% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014 did not include indirect costs. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

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

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

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 Local Transportation Ordinance. 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 19, 2014

CITY OF LA HABRA, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2014
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Transportation Management	\$ 793,135
Street Maintenance	557,938
Parkway Maintenance	2,252,829
Storm Drains	<u>43,012</u>
Total MOE Expenditures	<u>3,646,914</u>
Measure M2 Local Fair Share Expenditures:	
Residential Street Rehab	823,532
Idaho Rehab - Lambert/Imperial	<u>2,417</u>
Total Measure M2 Local Fair Share Expenditures	<u>825,949</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 4,472,863</u></u>

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



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

Board of Directors

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

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 Orange's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance 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 the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$2,205,000 in MOE expenditures during the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (100) and its Gas Tax Exchange Fund (273). No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2014 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2014 were \$3,346,055 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

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

Results: MOE expenditures tested totaled \$1,325,202 representing approximately 40% of total MOE expenditures for the fiscal year ended June 30, 2014. No exceptions noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges. We reviewed the amounts charged and 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, indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2014. Indirect MOE expenditures tested totaled \$45,645. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the cash balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2014 and determined whether funds were expended within three years of receipt.

Results: The City received \$6,588,155 for the past three fiscal years ended June 30, 2012, 2013 and 2014. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2011/2012	Local Fair Share (M2)	\$ 604,852
2012/2013	Local Fair Share (M2)	\$ 2,314,620
2013/2014	Local Fair Share (M2)	\$ 1,985,114

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2014.

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 263, Traffic Improvement - Measure M2 Fund. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2014 were \$2,965,812 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share 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 related to projects included in the City’s Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$2,529,308 representing approximately 85% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, indirect costs were charged as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. Indirect Measure M2 Local Fair Share expenditures tested totaled \$4,623. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

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

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed correspondence received by the City from the TOC Eligibility Subcommittee that indicated the City was found eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

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 Local Transportation Ordinance. 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 19, 2014

CITY OF ORANGE, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2014
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Maintenance - Street Maintenance Services	\$ 156,327
Maintenance - Traffic Operations	1,280,906
Construction - Engineering Services	158,694
Construction - Street Maintenance Services	396,995
Construction - Traffic Operations	573,223
Administrative/Other - General Administration	233,699
Administrative/Other - Development Services	49,743
Administrative/Other - Transportation Planning	496,468
	<u>3,346,055</u>
Total MOE Expenditures	<u>3,346,055</u>
Measure M2 Local Fair Share Expenditures:	
Citrus Rehab: Palm to South End	314
Fairmont St. Recon: Palm to Sycamore	4,435
Jamboree Rd. Rehab: Chapman to S. City Limits	806,855
Minor Traffic Control Devices	54,584
Orange St. Recon: La Veta to South End	4,823
Pavement Management Program	1,730,833
Pavement Management Program Survey	20,880
River Ave Rehab: Glassell to East End	3,767
Toluca Rehab: Grant to East End	645
Tustin @ Palm - Left Turn Signalization	23,330
Annual Street Maintenance	315,346
	<u>2,965,812</u>
Total Measure M Local Fair Share Expenditures	<u>2,965,812</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 6,311,867</u></u>

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



**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's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance 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 the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$6,753,031 in MOE expenditures during the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: All MOE expenditures are tracked in the general ledger by fund and activity. The City recorded its MOE expenditures in its General Fund (011) and Sanitation Fund (068). No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2014 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2014 were \$6,835,369 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

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

Results: MOE expenditures tested totaled \$3,263,113 representing approximately 48% of total MOE expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges. We reviewed the amounts charged and 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, indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2014. Indirect MOE expenditures tested totaled \$972,669, or 14% of total MOE expenses. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the cash balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2014 and determined whether funds were expended within three years of receipt.

Results: The City received \$11,519,184 for the past three fiscal years, which included \$340,511 in Measure M Turnback (M1) funds for the fiscal year ended June 30, 2012, and Measure M2 Local Fair Share (M2) funds in the amount of \$11,178,673 for fiscal years ended June 30, 2012, 2013 and 2014. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2011/2012	Local Fair Share (M2)	\$ 279,587
2012/2013	Local Fair Share (M2)	\$ 3,894,781
2013/2014	Local Fair Share (M2)	\$ 3,353,718

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2014.

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 32, Measure M Fund. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2014 were \$3,289,155 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share 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 related to projects included in the City's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$2,747,083 representing approximately 84% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014 did not include indirect costs. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

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

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

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 Local Transportation Ordinance. 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 19, 2014

CITY OF SANTA ANA, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2014
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Roadway Markings and Signs	\$ 560,886
Street Lighting	2,574,261
Roadway Cleaning	1,256,259
Street Tree Maintenance	2,443,963
	<hr/>
Total MOE Expenditures	6,835,369
	<hr/>
Measure M2 Local Fair Share Expenditures:	
Street Reconstruction/Resurfacing - Arterial Street Preventative Maintenance	126,043
Street Reconstruction/Resurfacing - McFadden Avenue Rehabilitation	351,810
Street Reconstruction/Resurfacing - Pavement Management	252,789
Park Facility Improvements	48,664
Arterial Improvements - Grand Avenue Widening	1,310,184
Arterial Improvements - Project Development	182,135
Arterial Improvements - Right-of-way Management	139,703
Arterial Improvements - Broadway: Civic Center to Santa Clara	568,125
Arterial Improvements - Other	9,138
Neighborhood Improvements	64,218
Traffic Improvements - Traffic Signal Equipment Replacement	156,237
Traffic Improvements - Other	80,109
	<hr/>
Total Measure M Local Fair Share Expenditures	3,289,155
	<hr/>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 10,124,524</u></u>

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



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

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

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 Seal Beach's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance 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 the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$505,000 in MOE expenditures during the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: All MOE expenditures are tracked in the general ledger by fund and activity. The City recorded its MOE expenditures in its General Fund (001). No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2014 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2014 were \$1,850,066 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

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

Results: MOE expenditures tested totaled \$396,182 representing approximately 21% of total MOE expenditures for the fiscal year ended June 30, 2014. We noted 4 expenditures, totaling \$3,991, were not properly classified as a local street and road expenditure, nor were they for costs allowable per the Ordinance. After removing these costs from total MOE expenditures, we note the City continues to meet the minimum MOE requirement.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges. We reviewed the amounts charged and 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, indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2014. Indirect MOE expenditures tested totaled \$1,118. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the cash balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2014 and determined whether funds were expended within three years of receipt.

Results: The City received \$1,084,026 for the past three fiscal years ended June 30, 2012, 2013 and 2014. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2011/2012	Local Fair Share (M2)	\$ 93,575
2012/2013	Local Fair Share (M2)	\$ 374,329
2013/2014	Local Fair Share (M2)	\$ 342,331

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2014.

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 042, Measure M2 Fairshare Fund. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2014 were \$171,432 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share 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 related to projects included in the City's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$169,349 representing approximately 99% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014 did not include indirect costs. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

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

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

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 Local Transportation Ordinance. 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
December 19, 2014

CITY OF SEAL BEACH, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2014
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Storm Drains	\$ 328,110
Street Maintenance	1,122,300
Landscape Maintenance	295,318
Engineering/Public Works	<u>104,338</u>
Total MOE Expenditures	<u>1,850,066</u>
Measure M2 Local Fair Share Expenditures:	
Annual Local Street Resurfacing Program	142,787
Westminster Avenue Rehabilitation Project	15,984
Filter Inserts Installation	<u>12,661</u>
Total Measure M Local Fair Share Expenditures	<u>171,432</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 2,021,498</u></u>

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



EXHIBIT 1

December 19, 2014

RESPONSE TO FINDINGS

In accordance with the "Findings" related to the Measure M2 Local Fair Share, the City of Seal Beach (COSB) provides the following responses:

- COSB agrees with the findings for items 1 through 3, and 5 through 11 as presented.

- Item 4 Finding: ***We haphazardly selected a sample of MOE expenditures from the City's general ledger expenditure detail. We noted 4 samples, totaling \$3,991, were not properly classified as a local street and road expenditure, nor were they for costs allowable per the Ordinance.***
 - Response: While the noted samples are not material in expense, COSB agrees that the questioned charges were not appropriate and will look for ways to ensure that all included costs are appropriately recorded.

Signature: _____

Title: _____

White Beatty

DIRECTOR OF FINANCE /
CITY TREASURER

Signature: _____

Title: _____

Jill R. Ingram

City Manager



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

Board of Directors

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

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 Stanton's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance 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 the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$172,000 in MOE expenditures during the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: All MOE expenditures are tracked in the general ledger by fund and activity. The City recorded its MOE expenditures in Fund 101, General Fund. No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2014 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2014 were \$209,508 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

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

Results: MOE expenditures tested totaled \$73,280 representing approximately 35% of total MOE expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges. We reviewed the amounts charged and 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, indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2014. Indirect MOE expenditures tested totaled \$3,288. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the cash balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2014 and determined whether funds were expended within three years of receipt.

Results: The City received \$1,196,222 for the past three fiscal years ended June 30, 2012, 2013 and 2014. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2011/2012	Local Fair Share (M2)	\$ 212,496
2012/2013	Local Fair Share (M2)	\$ 420,406
2013/2014	Local Fair Share (M2)	\$ 382,297

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2014.

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 220, Measure M Fund. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2014 were \$45,656 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share 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 related to projects included in the City’s Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$45,656 representing 100% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014 did not include indirect costs. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

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

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

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 Local Transportation Ordinance. 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 19, 2014

CITY OF STANTON, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2014
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Maintenance - Street Maintenance	\$ 97,407
Administration - Personnel	<u>112,101</u>
Total MOE Expenditures	<u>209,508</u>
 Measure M2 Local Fair Share Expenditures:	
Beach/Stanford Traffic Signal & Median Improvements	1,343
Citywide Pavement Rehabilitation	<u>44,313</u>
Total Measure M Local Fair Share Expenditures	<u>45,656</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 255,164</u></u>

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



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

Board of Directors

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

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 Westminster's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance 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 the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$1,284,000 in MOE expenditures during the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: All MOE expenditures are tracked in the general ledger by fund and activity. The City recorded its MOE expenditures in its General Fund. No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2014 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2014 were \$2,056,554 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

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

Results: MOE expenditures tested totaled \$730,288, representing approximately 36% of total MOE expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges. We reviewed the amounts charged and 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, indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2014. Indirect MOE expenditures tested totaled \$342,645. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the cash balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2014 and determined whether funds were expended within three years of receipt.

Results: The City received \$3,674,327 for the past three fiscal years ended June 30, 2012, 2013 and 2014. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2012/2013	Local Fair Share (M2)	\$ 714,979
2013/2014	Local Fair Share (M2)	1,267,710

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2014.

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 211, Measure M Fund and Fund 400, Capital Project Fund. These funds also are used to record M1 Turnback and M2 Competitive grants. The City maintains a spreadsheet which details the total amount for Measure M2 Local Fair Share. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2014 were \$725,862 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share 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 related to projects included in the City’s Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$686,110 representing approximately 95% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, indirect costs were charged as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. Indirect Measure M2 Local Fair Share expenditures tested totaled \$158,405. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

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

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

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 Local Transportation Ordinance. 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 19, 2014

CITY OF WESTMINSTER, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2014
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Concrete Repair	\$ 387,539
Street Tree Maintenance	353,314
Traffic Commission	3,182
Engineering	<u>1,312,519</u>
Total MOE Expenditures	<u>2,056,554</u>
Measure M2 Local Fair Share Expenditures:	
City Wide Street Improvements	691,357
Rancho Road Widening - Design	<u>34,505</u>
Total Measure M Local Fair Share Expenditures	<u>725,862</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 2,782,416</u></u>

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

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY
MEASURE M2 SENIOR MOBILITY PROGRAM
AGREED-UPON PROCEDURES REPORTS
Year Ended June 30, 2014**

**ORANGE COUNTY LOCAL
TRANSPORATION AUTHORITY**

MEASURE M2 SENIOR MOBILITY PROGRAM

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2014

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, 2014. Please refer to the individual divider tab for our report on each Agency.

City of Orange

City of Seal Beach

City of Westminster



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

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

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 Orange’s (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2014. 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 the Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2014.

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 Traffic Improvement Fund (263). During the fiscal year ended June 30, 2014, the City reported total program expenditures of \$74,588, which did not include the City’s match. The City contracts with Orange Elderly Services (OES), a nonprofit organization, to run the City’s senior mobility services program. As part of the agreement with OES, the City requests OES to provide a 20% match as an in-kind donation to the City. OES maintains its own ledger to track expenditures, separate from the City. 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 cash balance of the City's Measure M2 Senior Mobility Program as of June 30, 2014 and determined whether funds were expended within three of years of receipt.

Results: The City received \$321,002 over the past three fiscal years of Measure M2 Senior Mobility Program funds. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2011/2012	Senior Mobility (M2)	\$ 10,680
2012/2013	Senior Mobility (M2)	\$ 104,919
2013/2014	Senior Mobility (M2)	\$ 111,284

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 Fund.

Results: Based on our review of the general ledger and discussion with City accounting personnel, the Measure M2 Senior Mobility Program was not allocated any interest during the year ended June 30, 2014.

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

Results: During the fiscal year ended June 30, 2014, the City reported total program expenditures of \$74,588, which did not include the City's match. The City contracts with Orange Elderly Services (OES), a nonprofit organization, to run the City's senior mobility services program. As part of the agreement with OES, the City requests OES to provide a 20% match as an in-kind donation to the City. OES maintains its own ledger to track expenditures, separate from the City. We note OES reported \$103,530 of expenditures, which included \$28,942 of match expenditures. We obtained and reviewed \$35,070 in OES expenditures, representing 34% of OES expenditures, noting all expenditures relate to monthly senior mobility services paid to Western Transit Systems, a third party service provider. 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 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: A total of \$74,588 in expenditures was tested, representing 100% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2014. 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. We 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 accounting personnel, the Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2014 did not include indirect costs. No exceptions were noted as a result of our procedures.

8. We determined if the City contracts with a third party service provider for 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 the inclusion of the term: "Wheelchair accessible vehicles are available and used when requested."

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracts with OES to run the senior mobility program. OES contracts with a third party service provider, Western Transit System, for senior transportation services. Per review of the bid ratings for three separate proposals, and review of OES' board minutes, the contractor was selected using a competitive procurement process. Per review of the contract agreement, inclusion of the term "Wheelchair accessible vehicles are available and used when requested" was not present. However, the agreement included a clause which stated: "All vehicles utilized by Contractor must be ADA approved, lift, equipped, accessible vehicles." No other exceptions were noted as a result of our procedures.

9. We obtained proof of insurance coverage for the City's contractor (if applicable) and we performed the following:
 - a. Reviewed the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
 - b. Verified 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 OES to run the senior mobility program. OES contracts with a third party service provider, Western Transit System. We obtained and reviewed the insurance coverage for Western Transit System, and noted requirements established in the Cooperative Agreement were met. Additionally, we note the current year proof of insurance was submitted and is on file with OCLTA. No exceptions were noted as a result of our procedures.

10. We obtained and sampled 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 monthly summary reports prepared and submitted by OES, it was noted that the OCLTA monthly contribution amount agreed to the City's general ledger, and reports were submitted to OCLTA. However, three of four reports tested, for the months of September 2013, November 2013, and January 2014, were not submitted within 30 calendar days of month end. 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.

Vavriach, Train, Day & Co., LLP

Laguna Hills, California
December 19, 2014



CITY OF ORANGE

FINANCE DIRECTOR

(714) 744-2234

• www.cityoforange.org

FAX: (714) 744-2245

December 19, 2014

Vavrinek, Trine, Day & Co., LLP
25231 Paseo De Alicia, Suite 100
Laguna Hills, California 92653

In connection with your engagement to apply agreed-upon procedures to assist the Orange County Local Transportation Authority (OCLTA) in evaluating the City of Orange, California's compliance with the provisions of Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2014, you identified findings for the following Agreed Upon Procedures for the period ending June 30, 2014:

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

Results: Based on your review of the general ledger and discussion with City accounting personnel, the Measure M2 Senior Mobility Program was not allocated any interest during the year ended June 30, 2014.

Response: The City acknowledges this finding and, effective July 1, 2014 interest has been recalculated for the three years of the Measure M2 program. We have allocated interest to the Senior Mobility Program based on its cash balance after taking into account cash received less properly allocable program expenditures for each program year.

Procedure 8: You determined if the City contracts with a third party service provider for 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 the inclusion of the term: "Wheelchair accessible vehicles are available and used when requested."

Results: Based on your review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracts with Orange Elderly Services (OES) to run the senior mobility program. OES contracts with a third party service provider, Western Transit System, for senior transportation services. Per review of the bid ratings for three separate proposals, and review of OES' board minutes, the contractor was selected using a competitive procurement process.

Per review of the contract agreement, inclusion of the term "Wheelchair accessible vehicles are available and used when requested" was not present. However, the agreement included a clause which stated: "All vehicles utilized by Contractor must be ADA approved, lift, equipped, accessible vehicles." No other exceptions were noted as a result of your procedures.

Response: The City acknowledges this finding and the language will be reflected in all future agreements.

Procedure 10: You obtained and sampled 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 monthly summary reports prepared and submitted by OES, it was noted that the OCLTA monthly contribution amount agreed to the City's general ledger, and reports were submitted to OCLTA. However, three of four reports tested, for the months of September 2013, November 2013, and January 2014, were not submitted within 30 calendar days of month end. No other exceptions were noted as a result of your procedures.

Response: For all three reports that were submitted after the 30 day period, OES staff had received invoices from the provider that did not match their records. They requested amended invoices from the provider; however, those were not received in time to make the 30 day deadline. Those reports were submitted as soon as it was possible.

Signature: 
Title: City Manager

Signature: 
Title: Finance Director



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

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

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 Seal Beach's (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2014. 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 the Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2014.

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 and Air Quality Improvement Fund. During the fiscal year ended June 30, 2014, the City reported total program expenditures of \$200,286, 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 the City received by the City for the past three fiscal years. We obtained the cash balance of the City’s Measure M2 Senior Mobility Program as of June 30, 2014 and determined whether funds were expended within three of years of receipt.

Results: The City received \$175,653 over the past three fiscal years of Measure M2 Senior Mobility Program funds. The remaining cash balance for these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2013/2014	Senior Mobility (M2)	\$ 7,811

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 Fund.

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

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

Results: The total match expenditures amounted to \$128,733, which is approximately 180% of the total annual formula allocation of \$71,553. 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 the expenditures 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 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: A total of \$200,286 in expenditures was tested, representing 100% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2014. 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. We 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 accounting personnel, the Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2014 did not include indirect costs. No exceptions were noted as a result of our procedures.

8. We determined if the City contracts with a third party service provider for 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 the inclusion of the term: “Wheelchair accessible vehicles are available and used when requested.”

Results: Based on our review of the general ledger expenditure detail and discussion with City finance personnel, the City contracted with Western Transit Systems, a third party service provider for senior transportation services. We verified that Western Transit Systems was selected using a competitive procurement process through review of the City's Request for Proposal, Board minutes, and the executed agreement with Western Transit Systems. Per review of the contract agreement, inclusion of the term "Wheelchair accessible vehicles are available and used when requested" was not present. However, the City asserts that Western Transit Systems only uses wheelchair accessible vehicles for the senior transportation services provided to the City. No other exceptions noted as a result of our procedures.

9. We obtained proof of insurance coverage for the City's contractor (if applicable) 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 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's contractor, Western Transit Systems, and noted requirements established in the Cooperative Agreement were met. Additionally, we note the current year proof of insurance was submitted and is on file with OCLTA. No exceptions were noted as a result of our procedures.

10. We obtained and sampled 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, it was noted that the City's monthly expense reported agreed to supporting documentation, and reports were submitted to OCLTA. However, two of four reports tested, for the months of November 2013 and May 2014, were not submitted within 30 calendar days of month end. 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
December 19, 2014



December 19, 2014

EXHIBIT 1

RESPONSE TO FINDINGS

In accordance with the "Findings" related to the Senior Mobility Programs, the City of Seal Beach (COSB) provides the following responses:

- COSB agrees with the findings for items 1 through 7, and 9 as presented.

- Item 8 Finding: ***Based on our review of the general ledger expenditure detail and discussion with City finance personnel, the City contracted with Western Transit Systems, a third party service provider for senior transportation services. We verified that Western Transit Systems was selected using a competitive procurement process through review of the City's Request for Proposal, Board minutes, and the executed agreement with Western Transit Systems. Per review of the contract agreement, inclusion of the term "Wheelchair accessible vehicles are available and used when requested" was not present. However, the City asserts that Western Transit Systems only uses wheelchair accessible vehicles for the senior transportation services provided to the City. No other exceptions noted as a result of our procedures.***
 - Response: COSB affirms the assertion that Western Transit Systems only uses wheelchair accessible vehicles for the senior transportation services provided to the City. The City will include the "Wheelchair accessible vehicles are available and used when requested" language on the next renewal agreement.

- Item 10 Finding: ***We obtained and sampled monthly summary reports, and it was noted that two of four reports tested for the months of November 2013 and May 2014, were not submitted with 30 calendar days of month end.***
 - Response: COSB is reviewing the monthly summary report submission procedures with responsible staff and will take the steps necessary to ensure the reports are submitted in the timely manner prescribed.

Signature: _____

W. Blatty

Title: _____

DIRECTOR OF FINANCE/
CITY TREASURER

Signature: _____

Jill R. Ingram

Title: _____

City Manager



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

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

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 Westminster's (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2014. 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 the Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2014.

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 Community Service Grant Fund (290). During the fiscal year ended June 30, 2014, the City reported total program expenditures of \$93,795, which includes the City's match.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made by OCLTA to the City and calculated the amount the City received by the City for the past three fiscal years. We obtained the cash balance of the City's Measure M2 Senior Mobility Program as of June 30, 2014 and determined whether funds were expended within three of years of receipt.

Results: City received \$252,410 over the past three fiscal years of measure M2 Senior Mobility Program funds. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2011/2012	Senior Mobility (M2)	\$ 16,523
2012/2013	Senior Mobility (M2)	\$ 87,822
2013/2014	Senior Mobility (M2)	\$ 76,866

Based on our review of the general ledger and discussion with City accounting personnel, the City reflects the match funds in the Community Service Grant Fund (290), and as such, the cash balance includes unspent match revenues, in addition to M2 Senior Mobility Program funding.

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 Fund.

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

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

Results: The City transferred \$28,000 to the Community Service Grant Fund (290) as a local match, which is approximately 30% of the total annual formula allocation of \$93,150. 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 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: A total of \$15,220 in expenditures was tested, representing approximately 16% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2014. 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. We 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 accounting personnel, indirect costs were charged as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2014. Indirect expenditures tested totaled \$9,903. No exceptions were noted as a result of our procedures.

8. We determined if the City contracts with a third party service provider for 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 the inclusion of the term: "Wheelchair accessible vehicles are available and used when requested."

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

9. We obtained proof of insurance coverage for the City's contractor (if applicable) 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 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 did not contract with a third party service provider for senior transportation service. However, per review of the City's Cooperative Agreement, the City was required to maintain insurance coverage. We obtained and reviewed the insurance coverage for the City, and noted requirements established in the Cooperative Agreement were met. Additionally, we note the current year proof of insurance was submitted and is on file with OCLTA. No exceptions were noted as a result of our procedures.

10. We obtained and sampled 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, it was noted that the City used estimates of monthly expenditures from FY 12/13 instead of actual expenditures on the reports submitted to OCLTA. As such, monthly expenditures per the monthly reports tested did not agree to the general ledger detail for the month. Additionally, three of four reports tested, for the months of August 2013, February 2014, and May 2014, were not submitted within 30 calendar days of month end. 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.

Vavinich Train, Dtg Co, LLP

Laguna Hills, California
December 19, 2014



City of Westminster

8200 Westminster Boulevard, Westminster, CA 92683 714.898.3311
www.westminster-ca.gov

December 19, 2014

THE CITY OF WESTMINSTER RESPONSES TO NOTED FINDINGS

For the Fiscal Year Ended June 30, 2014

The City of Westminster respectfully submits the following responses:

Name and address of the independent public accounting firm:

Vavrinek, Trine, Day & Co., LLP
25231 Paseo De Alicia, Suite 100
Laguna Hills, CA 92653

Audit Period:

July 1, 2013 to June 30, 2014

The findings from December 19, 2014 Independent Accountants' Report on Applying Agreed-Upon Procedures – City of Westminster.

FINDING-(10.) We obtained and sampled 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, it was noted that the City used estimates of monthly expenditures from FY 12/13 instead of actual expenditures on the reports submitted to OCLTA. As such, monthly expenditures per the monthly reports tested did not agree to the general ledger detail for the month. Additionally, three of four reports tested, for the months of August 2013, February 2014, and May 2014, were not submitted within 30 calendar days of month end.

Action Taken: The City will file all reports within the 30 calendar days of month end deadline, and amounts will include actual expenditure which will agree to the general ledger.

If you have any questions regarding this response, please contact Diana Dobbert, Community Services Director, at 714-548-3665.

Sincerely yours,

Eddie Manfro
City Manager

Michael Solorza
Administrative Services Director

TRI TA
Mayor

SERGIO CONTRERAS
Mayor Pro Tem

DIANA LEE CAREY
Council Member

TYLER DIEP
Council Member

MARGIE L. RICE
Council Member

EDDIE MANFRO
City Manager



February 2, 2015

To: Executive Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Capital Programs Division - First Quarter Fiscal Year 2014-15
Capital Action Plan Performance Metrics

Overview

The Orange County Transportation Authority's Strategic Plan key strategies and objectives to achieve the goals for Mobility and Stewardship include delivery of all Capital Action Plan projects on time and within budget. The Capital Action Plan is used to create a performance metric to assess capital project delivery progress on highway, grade separation, rail, and facility projects. This report provides an update on the Capital Action Plan delivery and performance metrics through December 2014.

Recommendation

Receive and file as an information item.

Background

The Orange County Transportation Authority (OCTA) Capital Programs Division is responsible for project development and delivery of highway, grade separation, rail, and facility projects from the beginning of the environmental approval phase through construction completion. Project delivery commitments reflect defined project scope, costs, and schedules. Project delivery commitments shown in the Capital Action Plan (CAP) are key strategies and objectives to achieve the Strategic Plan goals for Mobility and Stewardship.

This report provides an update on the CAP performance metrics, which are the current budget fiscal year (FY) snapshot of the planned CAP project delivery milestones. The Capital Programs Division also provides Metrolink commuter rail ridership, revenue, and on-time performance reports and metrics in quarterly rail program updates.

Discussion

The Capital Programs Division objective is to deliver projects on schedule and within the approved project budget. Key projects' cost and schedule commitments are captured in the CAP which is regularly updated with new projects and project status (Attachment A). The CAP is categorized into three key groupings of projects; freeway projects, grade separation projects, and rail and station projects. Simple milestones represent the plan, progress, and performance for capital project delivery. CAP performance metrics are a project delivery indicator and provide a FY snapshot of milestones targeted for delivery in the budgeted FY, and provide transparency, measurement, and documentation of annual capital project delivery performance.

CAP project costs represent the total cost of the project across all phases of project delivery, including support costs, and right-of-way (ROW) and construction capital costs. The planned or budgeted cost is shown in comparison to either the actual or forecast cost. The planned or budgeted total project costs may be shown as to-be-determined (TBD) if project scoping studies or other project scoping documents have not been approved, and may be updated as project delivery progresses and milestones are achieved. Actual or forecast costs represent the total project cost across all project delivery phases. Measure M2 (M2) projects are identified with the corresponding project letter and the M2 logo. The CAP update is also included in the M2 Quarterly Report.

The CAP summarizes the very complex capital project critical path schedules into eight key delivery milestones.

Begin Environmental	The date work on the environmental clearance, project report, or preliminary engineering phase begins.
Complete Environmental	The date environmental clearance and project approval is achieved.
Begin Design	The date final design work begins, or the date when a design-build contract begins.
Complete Design	The date final design work is 100 percent complete and approved.

Construction Ready	The date contract bid documents are ready for advertisement, including certification of ROW, all agreements executed, and contract constraints cleared.
Advertise for Construction	The date a construction contract is advertised for bids.
Award Contract	The date the construction contract is awarded.
Construction Complete	The date all construction work is completed, and the project is open to public use.

These delivery milestones reflect progression across the project delivery phases shown below.



Project schedules reflect the approved milestone dates in comparison to the forecast or actual milestone dates. Milestone dates may be shown as TBD if project scoping or approval documents have not been finalized and approved, or if the delivery schedule has not been negotiated with the agency or consultant implementing the specific phase of a project. Planned milestone dates can be revised to reflect new dates from approved baseline schedule changes. Actual dates will be updated when milestones are achieved, and forecast dates will be updated to reflect project delivery status.

Key Findings

The following CAP milestones were achieved through the second quarter FY 2014-15.

Freeway Projects

- The award construction contract milestone for the Interstate 5 (I-5) widening project to add high-occupancy vehicle (HOV) lanes from Avenida Pico to Avenida Vista Hermosa was achieved. The California

Department of Transportation (Caltrans) awarded the construction contract to Flatiron West, Inc. on November 25, 2014.

- The begin design milestone for the I-5 widening from Oso Parkway to Alicia Parkway was achieved when the contract to produce the plans, specifications, and estimates was approved with TranSystems on November 7, 2014.
- The complete construction milestone for the State Route 57 (SR-57) northbound widening project from Orangethorpe Avenue to Yorba Linda Boulevard was achieved with contract acceptance on November 6, 2014.
- The begin environmental milestone for the Interstate 405 (I-405) widening between I-5 and State Route 55 (SR-55) was achieved when the contract to produce the project report and environmental documentation was approved with Parsons Transportation Group, Inc. on December 10, 2014.

Grade Separation Projects

- The begin environmental milestone for the 17th Street railroad grade separation project was achieved when the contract to produce the project report and environmental documentation was approved with Kimley-Horn and Associates, Inc. on October 10, 2014.
- The complete construction milestone was achieved on the Placentia Avenue railroad grade separation with contract acceptance on December 18, 2014.
- The complete construction milestone was achieved on the Kraemer Boulevard railroad grade separation with contract acceptance on December 18, 2014.

Rail and Station Projects

- The complete construction milestone on the Anaheim Regional Intermodal Transportation Center was completed with the City of Anaheim's issuance of the notice of substantial completion on December 31, 2014. Staff anticipates a few months of punch list and close-out work remains.

The following CAP milestones missed the planned delivery through the second quarter of FY 2014-15.

Freeway Projects

- The begin design milestone for the I-5 widening project between State Route 73 (SR-73) and Oso Parkway was not achieved due to a longer than expected consultant procurement process. The design consultant contract is expected to be approved in February 2015.
- The begin environmental milestone for the State Route 91 (SR-91) widening between SR-55 and SR-57 was not achieved due to a longer than expected consultant procurement process. The consultant contract to produce the project report and environmental documentation is expected to be approved in January 2015.
- The complete construction milestone for the landscape replacement construction contract on SR-91 from SR-55 to State Route 241 was not achieved. However, Caltrans indicates the landscape construction work will be completed in January 2015.

Railroad Grade Separation Projects

- The complete construction milestone for the Sand Canyon Avenue railroad grade separation project was not achieved due to construction delays on the roadway pump station and completion of the work on the Burt Road intersection. While the roadway is open to traffic and nearing completion, the contractor continues working to complete the contract work and punch list items prior to construction contract acceptance by OCTA and the City of Irvine. Liquidated damages for the overrun in contract time are being assessed against the construction contractor by OCTA. Contract completion and acceptance of the project is currently anticipated in April 2015.

Rail and Station Projects

- The award construction contract milestone for the Fullerton Transportation Center Elevator Upgrade project continues to be delayed. The City of Fullerton, as the lead agency implementing the project, opened construction bids on November 4, 2014. The apparent low bid exceeded the engineers' estimate (and available construction budget) of \$2,225,000 by approximately 22 percent. The City of

Fullerton is re-assessing the construction bids and contract documents to determine if the contract should be revised and re-bid, or if supplemental funding will be required to make the award. A new construction schedule has not yet been determined.

- The begin design milestone for the San Juan Capistrano Railroad Passing Siding was not achieved due to a longer than expected consultant procurement process. The design consultant contract is expected to be approved in March 2015.
- The complete environmental milestone for the Santa Ana/Garden Grove Fixed-Guideway Project was not achieved. However, the City of Santa Ana is scheduled to certify the environmental document on January 20, 2015, and the Federal Transit Administration is scheduled to approve the environmental document in February 2015.
- The complete environmental milestone for the Orange Metrolink Station Parking Expansion project was not achieved. Additional studies have been completed to obtain State Historic Preservation Office approvals. The City of Orange schedule now reflects the final environmental approval in September 2015, outside of the current FY. City Council approval to release the invitation for construction bids is planned in December 2015.

Recap of Second Quarter FY 2014-15 Performance Metrics

The FY 2014-15 performance metrics snapshot reflects 40 planned major project delivery milestones throughout the FY. The CAP and Performance Metrics (Attachment B) have been updated to reflect both milestones achieved and missed through the second quarter of FY 2014-15. Milestone schedules were met on ten of the 18 milestones planned through the second quarter of FY 2014-15. Five of the eight milestones that were not met through the second quarter of FY 2014-15 are planned to be achieved in the third quarter, and one milestone is delayed until the fourth quarter of FY 2014-15.

FY 2014-15 Performance Metric Look Ahead Risks and Project Concerns

Caltrans' approval of the final environmental impact statement/environmental impact report (FEIS/EIR) for the I-405 widening from SR-73 to Interstate 605 is planned in February 2015, and the federal record of decision (ROD) is expected in May 2015. Delays to the FEIS/EIR and ROD, or delays to approval of the design-build cooperative agreement with Caltrans, will result in

delays to the construction management services consultant selection, ROW acquisition, and the design-build contract procurement process. Additional lower probability risks also remain, including the potential for adverse court rulings in the legal challenge on the constitutionality of AB 401 (Chapter 586, Statutes of 2013), and other legal challenges to the FEIS/EIR ROD.

As reported in the fourth quarter FY 2013-14, the environmental approval of the SR-55 widening between I-405 and I-5 continues to be delayed due to Caltrans' requests for additional project studies, project scope, and modifications to the project traffic analysis model. The draft environmental document (DED) and draft project report (DPR) were developed in partnership with Caltrans throughout the project development team process. Caltrans' requests were received late in the development process, just prior to the DED/DPR being completed for the final screen check submittal to Caltrans, prior to release for public comment. Caltrans has directed OCTA to modify the project Traffic Volumes Report to include updated HOV demand volumes from the I-5 HOV connectors. A consultant contract scope and cost amendment for production of the updated traffic model, revised technical studies, and revisions to the DED/DPR are being developed and will be brought back to the Board of Directors for approval. Pending final determination on the breadth of revisions required, and agreement on Caltrans required review times, staff estimates the environmental clearance will be delayed up to 17 months beyond the delay incurred to date.

Summary

Significant capital project delivery progress has been achieved and reflected in the CAP. The status of the planned FY 2014-15 performance metrics created from forecast project schedules have been compiled and will be used as a general project delivery performance indicator (Attachment B). There are 40 major project milestones planned to be accomplished in FY 2014-15. Staff will continue to manage project costs and schedules across all project phases to meet project delivery commitments.

Attachments

- A. Capital Action Plan, Status Through December 2014
- B. Capital Programs Division, Fiscal Year 2014-15 Performance Metrics Status Through December 2014

Prepared by:
















A handwritten signature in blue ink, appearing to read "Jim Beil".

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

Capital Action Plan

Status Through December 2014


















Updated: Jan 16, 2015

Capital Projects	Cost Budget/Forecast (millions)	Schedule Plan/Forecast							
		Begin Environmental	Complete Environmental	Begin Design	Complete Design	Construction Ready	Advertise Construction	Award Contract	Complete Construction
		Freeway Projects:							
 I-5, Pico to Vista Hermosa	\$113.0	Jun-09	Dec-11	Jun-11	Oct-13	Feb-14	Oct-14	Dec-14	Aug-18
Project C	\$94.3	Jun-09	Oct-11	Jun-11	Oct-13	May-14	Sep-14	Dec-14	Aug-18
 I-5, Vista Hermosa to Pacific Coast Highway	\$75.6	Jun-09	Dec-11	Jun-11	Feb-13	Jun-13	Oct-13	Dec-13	Mar-17
Project C	\$71.5	Jun-09	Oct-11	Jun-11	May-13	Aug-13	Feb-14	Jun-14	Mar-17
 I-5, Pacific Coast Highway to San Juan Creek Road	\$70.7	Jun-09	Dec-11	Jun-11	Jan-13	May-13	Aug-13	Oct-13	Sep-16
Project C	\$60.2	Jun-09	Oct-11	Jun-11	Jan-13	Apr-13	Aug-13	Dec-13	Sep-16
 I-5, I-5/Ortega Interchange	\$90.9	Sep-05	Jun-09	Jan-09	Nov-11	Mar-12	Jun-12	Aug-12	Sep-15
Project D	\$80.7	Sep-05	Jun-09	Jan-09	Dec-11	Apr-12	Jun-12	Aug-12	Sep-15
 I-5, I-5/Ortega Interchange (Landscape)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Project D	N/A	N/A	N/A	Jan-15	Jul-15	Nov-15	Dec-15	Mar-16	Mar-17
 I-5, SR-73 to Oso Parkway	\$152.3	Sep-11	Jun-14	TBD	TBD	TBD	TBD	TBD	TBD
Project C & D	\$152.3	Oct-11	May-14	Feb-15	Nov-17	Jun-18	Aug-18	Nov-18	Aug-22
 I-5, Oso Parkway to Alicia Parkway	\$195.1	Sep-11	Jun-14	Nov-14	Jun-17	Dec-17	Feb-18	Jun-18	Mar-22
Project C & D	\$195.1	Oct-11	May-14	Nov-14	Jun-17	Dec-17	Feb-18	Jun-18	Mar-22
 I-5, Alicia Parkway to El Toro Road	\$134.2	Sep-11	Jun-14	TBD	TBD	TBD	TBD	TBD	TBD
Project C	\$134.2	Oct-11	May-14	Mar-15	Jan-18	Jul-18	Sep-18	Jan-19	Jul-22
 I-5, I-5/El Toro Road Interchange	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Project D	TBD	Oct-16	Sep-19	TBD	TBD	TBD	TBD	TBD	TBD
 I-5, I-405 to SR-55	TBD	May-14	Apr-17	TBD	TBD	TBD	TBD	TBD	TBD
Project B	TBD	May-14	Apr-17	TBD	TBD	TBD	TBD	TBD	TBD
 I-5, SR-55 to SR-57	TBD	Jul-11	Jun-13	TBD	TBD	TBD	TBD	TBD	TBD
Project A	\$42.3	Jun-11	Feb-15	Jul-15	Jan-17	May-17	Jul-17	Oct-17	Nov-19
I-5, Continuous High-Occupancy Vehicle (HOV) Lane Access	TBD	Jul-11	Apr-15	Feb-12	May-16	Aug-16	Oct-16	Jan-17	Jan-18
	\$5.8	Aug-11	Jul-15	Mar-12	Aug-16	Nov-16	Jan-17	Apr-17	Apr-18
 SR-55, I-405 to I-5	TBD	Feb-11	Nov-13	TBD	TBD	TBD	TBD	TBD	TBD
Project F	\$274.6	May-11	Apr-16	Aug-16	Jul-19	Jan-20	Feb-20	Apr-20	May-23
 SR-55, I-5 to SR-91 (Draft)	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Project F	TBD	Feb-16	Aug-18	TBD	TBD	TBD	TBD	TBD	TBD
 SR-57 Northbound (NB), Oranewood to Katella	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Project G	TBD	Oct-15	Oct-17	TBD	TBD	TBD	TBD	TBD	TBD
 SR-57 (NB), Katella to Lincoln	\$78.7	Apr-08	Jul-09	Jul-08	Nov-10	Mar-11	May-11	Aug-11	Sep-14
Project G	\$40.7	Apr-08	Nov-09	Aug-08	Dec-10	Apr-11	Jul-11	Oct-11	Feb-15

Capital Action Plan

Status Through December 2014

Updated: Jan 16, 2015

Capital Projects	Cost	Schedule							
	Budget/Forecast	Plan/Forecast							
	(millions)	Begin Environmental	Complete Environmental	Begin Design	Complete Design	Construction Ready	Advertise Construction	Award Contract	Complete Construction
 SR-57 (NB), Katella to Lincoln (Landscape) Project G	N/A N/A	N/A N/A	N/A N/A	N/A May-09	N/A Jul-10	N/A Jan-16	N/A Mar-16	N/A May-16	N/A May-17
 SR-57 (NB), Orangethorpe to Yorba Linda Project G	\$80.2 \$56.3	Aug-05 Aug-05	Dec-07 Dec-07	Feb-08 Feb-08	Dec-09 Jul-09	Apr-10 Dec-09	Jun-10 May-10	Oct-10 Oct-10	May-14 Nov-14
 SR-57 (NB), Yorba Linda to Lambert Project G	\$79.3 \$54.9	Aug-05 Aug-05	Dec-07 Dec-07	Feb-08 Feb-08	Dec-09 Jul-09	Apr-10 Mar-10	Jun-10 May-10	Oct-10 Oct-10	Sep-14 May-14
 SR-57 (NB), Orangethorpe to Lambert (Landscape) Project G	N/A N/A	N/A N/A	N/A N/A	N/A Sep-09	N/A Jul-15	N/A Sep-15	N/A Oct-15	N/A Dec-15	N/A Jan-17
 SR-57 (NB), Lambert to Tonner Canyon (Draft) Project G	TBD TBD	TBD Aug-16	TBD Jul-19	TBD TBD	TBD TBD	TBD TBD	TBD TBD	TBD TBD	TBD TBD
 SR-91 Westbound (WB), I-5 to SR-57 Project H	\$78.1 \$64.2	Jul-07 Jul-07	Apr-10 Jun-10	Oct-09 Mar-10	Feb-12 Apr-12	Jul-12 Aug-12	Aug-12 Oct-12	Nov-12 Jan-13	Apr-16 Apr-16
 SR-91 Westbound (WB), I-5 to SR-57 (Landscape) Project H	N/A N/A	N/A N/A	N/A N/A	N/A Jan-15	N/A Jul-15	N/A Nov-15	N/A Dec-15	N/A Mar-16	N/A Mar-17
 SR-91, SR-57 to SR-55 Project I	TBD TBD	Feb-14 Jan-15	Sep-16 Sep-17	TBD TBD	TBD TBD	TBD TBD	TBD TBD	TBD TBD	TBD TBD
 SR-91 (WB), Tustin Interchange to SR-55 Project I	\$49.9 \$47.8	Jul-08 Jul-08	Jul-11 May-11	Jul-11 Jun-11	Mar-13 Feb-13	Jul-13 Apr-13	Aug-13 Jun-13	Oct-13 Oct-13	Jul-16 Jul-16
 SR-91, SR-55 to SR-241 Project J	\$128.4 \$80.2	Jul-07 Jul-07	Jul-09 Apr-09	Jun-09 Apr-09	Jan-11 Aug-10	Apr-11 Dec-10	Jun-11 Feb-11	Sep-11 May-11	Dec-12 Mar-13
 SR-91, SR-55 to SR-241 (Landscape) Project J	N/A N/A	N/A N/A	N/A N/A	N/A May-12	N/A Feb-13	N/A Apr-13	N/A Jul-13	N/A Oct-13	N/A Jan-15
 SR-91 Eastbound, SR-241 to SR-71 Project J	\$104.5 \$57.8	Mar-05 Mar-05	Dec-07 Dec-07	Jul-07 Jul-07	Dec-08 Dec-08	Mar-09 May-09	May-09 Jun-09	Jul-09 Aug-09	Nov-10 Jan-11
 I-405, Continuous HOV Lane Access (project cancelled)	N/A \$0.9	Jul-11 Aug-11	Jan-14 Jan-14	Mar-12 Mar-12	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A
 I-405, I-5 to SR-55 Project L	TBD TBD	Dec-14 Dec-14	TBD Aug-17	TBD TBD	TBD TBD	TBD TBD	TBD TBD	TBD TBD	TBD TBD
 I-405 Southbound, SR-133 to University Dr. Project L	TBD \$16.4	TBD Apr-15	TBD Jan-17	TBD Nov-17	TBD Sep-18	TBD Dec-18	TBD Mar-19	TBD Jun-19	TBD Jun-20
 I-405, SR-55 to I-605 (Design-Build) Project K	TBD \$1,254.5	Mar-09 Mar-09	Mar-13 May-15	Mar-14 Mar-14	TBD Mar-15	TBD Aug-15	TBD Aug-15	TBD Apr-16	TBD Jun-21
 I-405/SR-22 HOV Connector	\$195.9 \$122.2	N/A N/A	N/A N/A	Sep-07 Sep-07	Sep-09 Jun-09	Mar-10 Sep-09	May-10 Feb-10	Aug-10 Jun-10	Aug-14 Mar-15

Capital Action Plan

Status Through December 2014




Updated: Jan 16, 2015

Capital Projects	Cost	Schedule							
	Budget/Forecast	Plan/Forecast							
	(millions)	Begin Environmental	Complete Environmental	Begin Design	Complete Design	Construction Ready	Advertise Construction	Award Contract	Complete Construction
I-405/I-605 HOV Connector	\$260.4	N/A	N/A	Sep-07	Sep-09	Mar-10	May-10	Oct-10	Jan-15
	\$168.7	N/A	N/A	Sep-07	Sep-09	Feb-10	May-10	Oct-10	Mar-15
I-405/SR-22/I-605 HOV Connector (Landscape)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	Jun-08	May-09	Jul-15	Sep-15	Nov-15	Dec-16
I-605, I-605/Katella Interchange (Draft)	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Project M	TBD	Feb-16	Jan-18	TBD	TBD	TBD	TBD	TBD	TBD
Grade Separation Projects:									
Sand Canyon Avenue Railroad Grade Separation	\$55.6	N/A	Sep-03	Jan-04	Jul-10	Jul-10	Oct-10	Feb-11	May-14
	\$63.2	N/A	Sep-03	Jan-04	Jul-10	Jul-10	Oct-10	Feb-11	Apr-15
Raymond Avenue Railroad Grade Separation	\$77.2	Feb-09	Nov-09	Mar-10	Aug-12	Nov-12	Feb-13	May-13	Aug-18
	\$115.7	Feb-09	Nov-09	Mar-10	Dec-12	Jul-13	Oct-13	Feb-14	Aug-18
State College Boulevard Railroad Grade Separation (Fullerton)	\$73.6	Dec-08	Jan-11	Jul-06	Aug-12	Nov-12	Feb-13	May-13	May-18
	\$92.8	Dec-08	Apr-11	Jul-06	Feb-13	May-13	Sep-13	Feb-14	May-18
Placentia Avenue Railroad Grade Separation	\$78.2	Jan-01	May-01	Jan-09	Mar-10	May-10	Mar-11	Jun-11	Nov-14
	\$62.6	Jan-01	May-01	Jan-09	Jun-10	Jan-11	Mar-11	Jul-11	Dec-14
Kraemer Boulevard Railroad Grade Separation	\$70.4	Jan-01	Sep-09	Jan-09	Jul-10	Jul-10	Apr-11	Aug-11	Oct-14
	\$63.3	Jan-01	Sep-09	Feb-09	Jul-10	Jan-11	Jun-11	Sep-11	Dec-14
Orangethorpe Avenue Railroad Grade Separation	\$117.4	Jan-01	Sep-09	Feb-09	Dec-11	Dec-11	Feb-12	May-12	Sep-16
	\$104.6	Jan-01	Sep-09	Feb-09	Oct-11	Apr-12	Sep-12	Jan-13	Sep-16
Tustin Avenue/Rose Dive Railroad Grade Separation	\$103.0	Jan-01	Sep-09	Feb-09	Dec-11	Mar-12	May-12	Aug-12	May-16
	\$99.2	Jan-01	Sep-09	Feb-09	Jul-11	Jun-12	Oct-12	Feb-13	May-16
Lakeview Avenue Railroad Grade Separation	\$70.2	Jan-01	Sep-09	Feb-09	Oct-11	Oct-12	Feb-13	May-13	Mar-17
	\$96.2	Jan-01	Sep-09	Feb-09	Jan-13	Apr-13	Sep-13	Nov-13	Mar-17
17th Street Railroad Grade Separation	TBD	Oct-14	Jun-16	TBD	TBD	TBD	TBD	TBD	TBD
	TBD	Oct-14	Jun-16	TBD	TBD	TBD	TBD	TBD	TBD
Rail and Station Projects:									
Rail-Highway Grade Crossing Safety Enhancement	\$94.4	Jan-08	Oct-08	Jan-08	Sep-08	Sep-08	Sep-08	Aug-09	Dec-11
	\$94.4	Jan-08	Oct-08	Jan-08	Sep-08	Sep-08	Sep-08	Aug-09	Dec-11
San Clemente Beach Trail Safety Enhancements	\$6.0	Sep-10	Jul-11	Feb-12	Apr-12	Apr-12	Jul-12	Oct-12	Jan-14
	\$5.4	Sep-10	Jul-11	Feb-12	Jun-12	Jun-12	Oct-12	May-13	Mar-14
San Juan Capistrano Passing Siding	\$25.3	Aug-11	Jan-13	TBD	TBD	TBD	TBD	TBD	TBD
	\$25.3	Aug-11	Mar-14	Mar-15	Feb-16	Feb-16	Mar-16	Jul-16	Aug-18
Anaheim Rapid Connection (Schedule on Hold)	TBD	Jan-09	Oct-14	TBD	TBD	TBD	TBD	TBD	TBD
	TBD	Jan-09	Dec-15	TBD	TBD	TBD	TBD	TBD	TBD

Capital Action Plan

Status Through December 2014

Updated: Jan 16, 2015

Capital Projects	Cost	Schedule							
	Budget/Forecast	Plan/Forecast							
	(millions)	Begin Environmental	Complete Environmental	Begin Design	Complete Design	Construction Ready	Advertise Construction	Award Contract	Complete Construction
 Santa Ana/Garden Grove Fixed-Guideway Project S	TBD	Aug-09	Mar-12	TBD	TBD	TBD	TBD	TBD	TBD
	TBD	Aug-09	Feb-15	Jun-15	Apr-17	Jul-17	Aug-17	Oct-17	Nov-19
 Placentia Metrolink Station and Parking Structure	TBD	Jan-03	May-07	Oct-08	Jan-11	TBD	TBD	TBD	TBD
	TBD	Jan-03	May-07	Oct-08	Feb-11	TBD	TBD	TBD	TBD
Orange Station Parking Expansion	\$18.6	Dec-09	Dec-12	Nov-10	Apr-13	TBD	TBD	TBD	TBD
	\$18.6	Dec-09	Sep-15	Nov-10	Dec-15	Dec-15	Dec-15	Jan-16	Mar-17
Fullerton Transportation Center - Elevator Upgrades	\$3.5	N/A	N/A	Jan-12	Dec-13	Dec-13	Jun-14	Sep-14	Jan-16
	\$3.5	N/A	N/A	Jan-12	Dec-13	Dec-13	Aug-14	Feb-15	Apr-16
Laguna Niguel/Mission Viejo Station Parking Lot	\$4.3	Sep-07	Dec-07	Apr-12	Aug-12	Aug-12	Oct-12	Jan-13	Oct-13
	\$4.1	Jul-07	Dec-07	Apr-12	Aug-12	Aug-12	Nov-12	Jan-13	Oct-13
Laguna Niguel/Mission Viejo Station Americans with Disabilities Act Ramps	\$3.1	Jul-13	Jan-14	Jul-13	Aug-14	Aug-14	Sep-14	Jan-15	Feb-16
	\$3.1	Jul-13	Feb-14	Jul-13	Apr-15	Apr-15	May-15	Sep-15	Oct-16
 Anaheim Regional Transportation Intermodal Center Project R & T	\$227.4	Apr-09	Feb-11	Jun-09	Feb-12	Feb-12	May-12	Jul-12	Nov-14
	\$227.4	Apr-09	Feb-12	Jun-09	May-12	May-12	May-12	Sep-12	Dec-14

Note: Costs associated with landscape projects are included in respective freeway projects.

- Grey = Milestone achieved
- Green = Forecast milestone meets or exceeds plan
- Yellow = Forecast milestone is one to three months later than plan
- Red = Forecast milestone is over three months later than plan

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- Complete Design:** The date final design work is 100 percent complete and approved.
- Construction Ready:** The date contract bid documents are ready for advertisement, including certification of right-of-way, all agreements executed, contract constraints are cleared.
- Advertise for Construction:** The date a construction contract is both funded and advertised for bids.
- Award Contract:** The date the construction contract is awarded.
- Construction Complete:** The date all construction work is completed and the project is open to public use.

- Acronyms**
- I-5 - Santa Ana Freeway (Interstate 5)
 - SR-73 - San Joaquin Freeway (State Route 73)
 - SR-55 - Costa Mesa Freeway (State Route 55)
 - SR-57 - Orange Freeway (State Route 57)
 - SR-91 - Riverside Freeway (State Route 91)
 - SR-133 - Laguna Freeway (State Route 133)
 - SR-22 - Garden Grove Freeway (State Route 22)
 - I-405 - San Diego Freeway (Interstate 405)
 - SR-241 - Foothill/Eastern Transportation Corridor (State Route 241)
 - I-605 - San Gabriel River Freeway (Interstate 605)
 - SR-71 - Corona Expressway (State Route 71)
 - LOSSAN - Los Angeles - San Diego - San Luis Obispo

Capital Programs Division

Fiscal Year 2014-15 Performance Metrics Status Through December 2014

Begin Environmental

Project Description	FY 15 Qtr 1		FY 15 Qtr 2		FY 15 Qtr 3		FY 15 Qtr 4		FY 15
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst
17th Street Railroad Grade Separation	X			✓					
SR-91, SR-57 to SR-55			X						
I-405, I-5 to SR-55			X	✓					
I-405 (Southbound), SR-133 to University Drive					X				
Total Forecast/Actual	1	0	2	2	1	0	0	0	4

Complete Environmental

Project Description	FY 15 Qtr 1		FY 15 Qtr 2		FY 15 Qtr 3		FY 15 Qtr 4		FY 15
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst
Santa Ana/Garden Grove Fixed-Guideway			X						
Orange Metrolink Station Parking Expansion			X						
I-5, SR-55 to SR-57					X				
I-405, SR-55 to I-605 (Design-Build)							X		
Total Forecast/Actual	0	0	2	0	1	0	1	0	4

Begin Design

Project Description	FY 15 Qtr 1		FY 15 Qtr 2		FY 15 Qtr 3		FY 15 Qtr 4		FY 15
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst
I-5, Oso Parkway to Alicia Parkway	X			✓					
I-5, SR-73 to Oso Parkway			X						
San Juan Capistrano Passing Siding			X						
I-5, I-5/Ortega Interchange Landscape					X				
I-5, Alicia Parkway to El Toro Road					X				
SR-91 (Westbound), I-5 to SR-57 Landscape					X				
Santa Ana/Garden Grove Fixed-Guideway							X		
Total Forecast/Actual	1	0	2	1	3	0	1	0	7

Complete Design

Project Description	FY 15 Qtr 1		FY 15 Qtr 2		FY 15 Qtr 3		FY 15 Qtr 4		FY 15
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst
I-405, SR-55 to I-605 (Design-Build)					X				
Laguna Niguel/Mission Viejo Station ADA Ramps					X				
SR-57 (Northbound), Orangethorpe to Yorba Linda Landscape							X		
Orange Metrolink Station Parking Expansion							X		
Total Forecast/Actual	0	0	0	0	2	0	2	0	4

Construction Ready

Project Description	FY 15 Qtr 1		FY 15 Qtr 2		FY 15 Qtr 3		FY 15 Qtr 4		FY 15
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst
Laguna Niguel/Mission Viejo Station ADA Ramps					X				
SR-57 (Northbound), Orangethorpe to Yorba Linda Landscape							X		
I-405, SR-55 to I-605 (Design-Build)							X		
I-405/SR-22/I-605 HOV Connector Landscape							X		
Orange Metrolink Station Parking Expansion							X		
Total Forecast/Actual	0	0	0	0	1	0	4	0	5

Advertise Construction

Project Description	FY 15 Qtr 1		FY 15 Qtr 2		FY 15 Qtr 3		FY 15 Qtr 4		FY 15
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst
I-5, Avenida Pico to Avenida Vista Hermosa	X	✓							
Fullerton Transportation Center Elevator Upgrades	X	✓							
Laguna Niguel/Mission Viejo Station ADA Ramps					X				
I-405, SR-55 to I-605 (Design-Build)							X		
Total Forecast/Actual	2	2	0	0	1	0	1	0	4

Capital Programs Division

Fiscal Year 2014-15 Performance Metrics Status Through December 2014

Award Contract

Project Description	FY 15 Qtr 1		FY 15 Qtr 2		FY 15 Qtr 3		FY 15 Qtr 4		FY 15
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst
Fullerton Transportation Center Elevator Upgrades	X								
I-5, Avenida Pico to Vista Hermosa			X	✓					
Laguna Niguel/Mission Viejo Station ADA Ramps							X		
Total Forecast/Actual	1	0	1	1	0	0	1	0	3

Complete Construction

Project Description	FY 15 Qtr 1		FY 15 Qtr 2		FY 15 Qtr 3		FY 15 Qtr 4		FY 15
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst
SR-57 (Northbound), Orangethorpe Avenue to Yorba Linda	X			✓					
Placentia Avenue Railroad Grade Separation	X			✓					
Kraemer Boulevard Railroad Grade Separation	X			✓					
SR-91, SR-55 to SR-241 Landscape			X						
Sand Canyon Avenue Railroad Grade Separation			X						
Anaheim Regional Transportation Intermodal Center			X	✓					
SR-57 (Northbound), Katella Avenue to Lincoln Avenue					X				
I-405/SR-22 HOV Connector					X				
I-405/I-605 HOV Connector					X				
Total Forecast/Actual	3	0	3	4	3	0	0	0	9

Totals	8	2	10	8	12	0	10	0	40
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Begin Environmental: The date work on the environmental clearance, project report, or preliminary engineering phase begins.

Complete Environmental: The date environmental clearance and project approval is achieved.

Begin Design: The date final design work begins or the date when a design-build contract begins.

Complete Design: The date final design work is 100 percent complete and approved.

Construction Ready: The date contract bid documents are ready for advertisement, right-of-way certified, all agreements executed, and contract constraints are cleared.

Advertise for Construction: The date a construction contract is both funded and advertised for bids.

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Construction Complete: The date all construction work is completed and the project is open to public use.

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 SR-91 - Riverside Freeway (State Route 91)
 I-605 - San Gabriel River Freeway (Interstate 605)
 I-405 - San Diego Freeway (Interstate 405)
 SR-241 - Foothill/Eastern Transportation Corridor (State Route 241)
 SR-22 - Garden Grove Freeway (State Route 22)
 SR-133 - Laguna Freeway (State Route 133)
 ADA - Americans with Disability Act
 HOV - high-occupancy vehicle

X = milestone forecast in quarter

✓ = milestone accomplished in quarter