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:

<table>
<thead>
<tr>
<th>Allocation Year</th>
<th>Funding Source</th>
<th>Remaining Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012/2013</td>
<td>Local Fair Share (M2)</td>
<td>$ 471,222</td>
</tr>
<tr>
<td>2013/2014</td>
<td>Local Fair Share (M2)</td>
<td>$ 481,632</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Maintenance of Effort (MOE) Expenditures:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Street Maintenance</td>
<td>$386,062</td>
</tr>
<tr>
<td>Traffic Engineering</td>
<td>15,961</td>
</tr>
<tr>
<td><strong>Total MOE Expenditures</strong></td>
<td><strong>402,023</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measure M2 Local Fair Share Expenditures:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aliso Creek Rehabilitation</td>
<td>208,491</td>
</tr>
<tr>
<td>Pacific Park Rehabilitation</td>
<td>249,045</td>
</tr>
<tr>
<td><strong>Total Measure M2 Local Fair Share Expenditures</strong></td>
<td><strong>457,536</strong></td>
</tr>
<tr>
<td><strong>Total MOE and Measure M2 Local Fair Share Expenditures</strong></td>
<td><strong>$859,559</strong></td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Allocation Year</th>
<th>Funding Source</th>
<th>Remaining Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012/2013</td>
<td>Local Fair Share (M2)</td>
<td>$189,376</td>
</tr>
<tr>
<td>2013/2014</td>
<td>Local Fair Share (M2)</td>
<td>$1,150,553</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Maintenance of Effort (MOE) Expenditures:</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street Reconstruction</td>
<td>62,074</td>
</tr>
<tr>
<td>Street Lights &amp; Traffic Signals</td>
<td>1,226,786</td>
</tr>
<tr>
<td>Other Street Purpose Maintenance</td>
<td>1,897,940</td>
</tr>
<tr>
<td>Administration</td>
<td>993,483</td>
</tr>
<tr>
<td>Total MOE Expenditures</td>
<td>4,180,283</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measure M2 Local Fair Share Expenditures:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Pavement Rehab</td>
</tr>
<tr>
<td>Slurry Seal Program</td>
</tr>
<tr>
<td>La Palma - Beach to East City Limits</td>
</tr>
<tr>
<td>Aragon Circle &amp; Descanso Avenue</td>
</tr>
<tr>
<td>Valley View Street from Caballero to Artesia</td>
</tr>
<tr>
<td>Burnham Avenue &amp; Dodds Street</td>
</tr>
<tr>
<td>Total Measure M Local Fair Share Expenditures</td>
</tr>
<tr>
<td>Total MOE and Measure M2 Local Fair Share Expenditures</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Allocation Year</th>
<th>Funding Source</th>
<th>Remaining Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/2012</td>
<td>Local Fair Share (M2)</td>
<td>$ 1,077,218</td>
</tr>
<tr>
<td>2012/2013</td>
<td>Local Fair Share (M2)</td>
<td>$ 2,007,657</td>
</tr>
<tr>
<td>2013/2014</td>
<td>Local Fair Share (M2)</td>
<td>$ 1,746,817</td>
</tr>
</tbody>
</table>

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)**

<table>
<thead>
<tr>
<th>Expenditure Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maintenance of Effort (MOE) Expenditures:</strong></td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>$ 4,959,985</td>
</tr>
<tr>
<td>Construction</td>
<td>1,261,929</td>
</tr>
<tr>
<td>Administration</td>
<td>996,210</td>
</tr>
<tr>
<td><strong>Total MOE Expenditures</strong></td>
<td>7,218,124</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measure M2 Local Fair Share Expenditures:</strong></td>
<td></td>
</tr>
<tr>
<td>Rehab Redhill Avenue</td>
<td>38,130</td>
</tr>
<tr>
<td>Street Maintenance Citywide</td>
<td>934,502</td>
</tr>
<tr>
<td><strong>Total Measure M2 Local Fair Share Expenditures</strong></td>
<td>972,632</td>
</tr>
</tbody>
</table>

| **Total MOE and Measure M2 Local Fair Share Expenditures** | $ 8,190,756 |

**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:

<table>
<thead>
<tr>
<th>Allocation Year</th>
<th>Funding Source</th>
<th>Remaining Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/2014 Local Fair Share (M2)</td>
<td>$12,546</td>
<td></td>
</tr>
</tbody>
</table>

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 64,814

**Total MOE Expenditures**  
$1,582,668

Measure M2 Local Fair Share Expenditures:

- Residential Road Resurfacing Phase 1 632,560

**Total Measure M2 Local Fair Share Expenditures**  
$632,560

**Total MOE and Measure M2 Local Fair Share Expenditures**  
$2,215,228

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:

<table>
<thead>
<tr>
<th>Allocation Year</th>
<th>Funding Source</th>
<th>Remaining Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/2014</td>
<td>Local Fair Share (M2)</td>
<td>$294,445</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maintenance of Effort (MOE) Expenditures:</strong></td>
<td></td>
</tr>
<tr>
<td>Transportation Management</td>
<td>$ 793,135</td>
</tr>
<tr>
<td>Street Maintenance</td>
<td>557,938</td>
</tr>
<tr>
<td>Parkway Maintenance</td>
<td>2,252,829</td>
</tr>
<tr>
<td>Storm Drains</td>
<td>43,012</td>
</tr>
<tr>
<td><strong>Total MOE Expenditures</strong></td>
<td>3,646,914</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measure M2 Local Fair Share Expenditures:</strong></td>
<td></td>
</tr>
<tr>
<td>Residential Street Rehab</td>
<td>823,532</td>
</tr>
<tr>
<td>Idaho Rehab - Lambert/Imperial</td>
<td>2,417</td>
</tr>
<tr>
<td><strong>Total Measure M2 Local Fair Share Expenditures</strong></td>
<td>825,949</td>
</tr>
<tr>
<td><strong>Total MOE and Measure M2 Local Fair Share Expenditures</strong></td>
<td>$ 4,472,863</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Allocation Year</th>
<th>Funding Source</th>
<th>Remaining Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/2012</td>
<td>Local Fair Share (M2)</td>
<td>$604,852</td>
</tr>
<tr>
<td>2012/2013</td>
<td>Local Fair Share (M2)</td>
<td>$2,314,620</td>
</tr>
<tr>
<td>2013/2014</td>
<td>Local Fair Share (M2)</td>
<td>$1,985,114</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Maintenance of Effort (MOE) Expenditures:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance - Street Maintenance Services</td>
<td>$156,327</td>
</tr>
<tr>
<td>Maintenance - Traffic Operations</td>
<td>$1,280,906</td>
</tr>
<tr>
<td>Construction - Engineering Services</td>
<td>$158,694</td>
</tr>
<tr>
<td>Construction - Street Maintenance Services</td>
<td>$396,995</td>
</tr>
<tr>
<td>Construction - Traffic Operations</td>
<td>$573,223</td>
</tr>
<tr>
<td>Administrative/Other - General Administration</td>
<td>$233,699</td>
</tr>
<tr>
<td>Administrative/Other - Development Services</td>
<td>$49,743</td>
</tr>
<tr>
<td>Administrative/Other - Transportation Planning</td>
<td>$496,468</td>
</tr>
<tr>
<td><strong>Total MOE Expenditures</strong></td>
<td><strong>$3,346,055</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measure M2 Local Fair Share Expenditures:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Citrus Rehab: Palm to South End</td>
<td>$314</td>
</tr>
<tr>
<td>Fairmont St. Recon: Palm to Sycamore</td>
<td>$4,435</td>
</tr>
<tr>
<td>Jamboree Rd. Rehab: Chapman to S. City Limits</td>
<td>$806,855</td>
</tr>
<tr>
<td>Minor Traffic Control Devices</td>
<td>$54,584</td>
</tr>
<tr>
<td>Orange St. Recon: La Veta to South End</td>
<td>$4,823</td>
</tr>
<tr>
<td>Pavement Management Program</td>
<td>$1,730,833</td>
</tr>
<tr>
<td>Pavement Management Program Survey</td>
<td>$20,880</td>
</tr>
<tr>
<td>River Ave Rehab: Glassell to East End</td>
<td>$3,767</td>
</tr>
<tr>
<td>Toluca Rehab: Grant to East End</td>
<td>$645</td>
</tr>
<tr>
<td>Tustin @ Palm - Left Turn Signalization</td>
<td>$23,330</td>
</tr>
<tr>
<td>Annual Street Maintenance</td>
<td>$315,346</td>
</tr>
<tr>
<td><strong>Total Measure M Local Fair Share Expenditures</strong></td>
<td><strong>$2,965,812</strong></td>
</tr>
<tr>
<td><strong>Total MOE and Measure M2 Local Fair Share Expenditures</strong></td>
<td><strong>$6,311,867</strong></td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Allocation Year</th>
<th>Funding Source</th>
<th>Remaining Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/2012</td>
<td>Local Fair Share (M2)</td>
<td>$279,587</td>
</tr>
<tr>
<td>2012/2013</td>
<td>Local Fair Share (M2)</td>
<td>$3,894,781</td>
</tr>
<tr>
<td>2013/2014</td>
<td>Local Fair Share (M2)</td>
<td>$3,353,718</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Maintenance of Effort (MOE) Expenditures:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roadway Markings and Signs</td>
<td>$6,835,369</td>
</tr>
<tr>
<td>Street Lighting</td>
<td>2,574,261</td>
</tr>
<tr>
<td>Roadway Cleaning</td>
<td>1,256,259</td>
</tr>
<tr>
<td>Street Tree Maintenance</td>
<td>2,443,963</td>
</tr>
<tr>
<td>Total MOE Expenditures</td>
<td>6,835,369</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measure M2 Local Fair Share Expenditures:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street Reconstruction/Resurfacing - Arterial Street</td>
<td>126,043</td>
</tr>
<tr>
<td>Preventative Maintenance</td>
<td></td>
</tr>
<tr>
<td>Street Reconstruction/Resurfacing - McFadden Avenue</td>
<td>351,810</td>
</tr>
<tr>
<td>Rehabilitation</td>
<td></td>
</tr>
<tr>
<td>Street Reconstruction/Resurfacing - Pavement Management</td>
<td>252,789</td>
</tr>
<tr>
<td>Park Facility Improvements</td>
<td>48,664</td>
</tr>
<tr>
<td>Arterial Improvements - Grand Avenue Widening</td>
<td>1,310,184</td>
</tr>
<tr>
<td>Arterial Improvements - Project Development</td>
<td>182,135</td>
</tr>
<tr>
<td>Arterial Improvements - Right-of-way Management</td>
<td>139,703</td>
</tr>
<tr>
<td>Arterial Improvements - Broadway: Civic Center to Santa</td>
<td>568,125</td>
</tr>
<tr>
<td>Clara</td>
<td></td>
</tr>
<tr>
<td>Arterial Improvements - Other</td>
<td>9,138</td>
</tr>
<tr>
<td>Neighborhood Improvements</td>
<td>64,218</td>
</tr>
<tr>
<td>Traffic Improvements - Traffic Signal Equipment Replacement</td>
<td>156,237</td>
</tr>
<tr>
<td>Traffic Improvements - Other</td>
<td>80,109</td>
</tr>
<tr>
<td>Total Measure M Local Fair Share Expenditures</td>
<td>3,289,155</td>
</tr>
<tr>
<td>Total MOE and Measure M2 Local Fair Share Expenditures</td>
<td>$10,124,524</td>
</tr>
</tbody>
</table>

Note: The above amounts were taken directly from the financial records of the City ofSanta 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:

<table>
<thead>
<tr>
<th>Allocation Year</th>
<th>Funding Source</th>
<th>Remaining Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/2012</td>
<td>Local Fair Share (M2)</td>
<td>$ 93,575</td>
</tr>
<tr>
<td>2012/2013</td>
<td>Local Fair Share (M2)</td>
<td>$ 374,329</td>
</tr>
<tr>
<td>2013/2014</td>
<td>Local Fair Share (M2)</td>
<td>$ 342,331</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Maintenance of Effort (MOE) Expenditures:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Storm Drains</td>
<td>$ 328,110</td>
</tr>
<tr>
<td>Street Maintenance</td>
<td>1,122,300</td>
</tr>
<tr>
<td>Landscape Maintenance</td>
<td>295,318</td>
</tr>
<tr>
<td>Engineering/Public Works</td>
<td>104,338</td>
</tr>
<tr>
<td><strong>Total MOE Expenditures</strong></td>
<td><strong>1,850,066</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measure M2 Local Fair Share Expenditures:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Local Street Resurfacing Program</td>
<td>142,787</td>
</tr>
<tr>
<td>Westminster Avenue Rehabilitation Project</td>
<td>15,984</td>
</tr>
<tr>
<td>Filter Inserts Installation</td>
<td>12,661</td>
</tr>
<tr>
<td><strong>Total Measure M Local Fair Share Expenditures</strong></td>
<td><strong>171,432</strong></td>
</tr>
</tbody>
</table>

| Total MOE and Measure M2 Local Fair Share Expenditures| **$ 2,021,498** |

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

Signature: [Signature]
Title: [Title]

Exhibit - B
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:

<table>
<thead>
<tr>
<th>Allocation Year</th>
<th>Funding Source</th>
<th>Remaining Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/2012</td>
<td>Local Fair Share (M2)</td>
<td>$ 212,496</td>
</tr>
<tr>
<td>2012/2013</td>
<td>Local Fair Share (M2)</td>
<td>$ 420,406</td>
</tr>
<tr>
<td>2013/2014</td>
<td>Local Fair Share (M2)</td>
<td>$ 382,297</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maintenance of Effort (MOE) Expenditures:</strong></td>
<td></td>
</tr>
<tr>
<td>Maintenance - Street Maintenance</td>
<td>$ 97,407</td>
</tr>
<tr>
<td>Administration - Personnel</td>
<td>112,101</td>
</tr>
<tr>
<td><strong>Total MOE Expenditures</strong></td>
<td>209,508</td>
</tr>
<tr>
<td><strong>Measure M2 Local Fair Share Expenditures:</strong></td>
<td></td>
</tr>
<tr>
<td>Beach/Stanford Traffic Signal &amp; Median Improvements</td>
<td>1,343</td>
</tr>
<tr>
<td>Citywide Pavement Rehabilitation</td>
<td>44,313</td>
</tr>
<tr>
<td><strong>Total Measure M Local Fair Share Expenditures</strong></td>
<td>45,656</td>
</tr>
<tr>
<td><strong>Total MOE and Measure M2 Local Fair Share Expenditures</strong></td>
<td><strong>$ 255,164</strong></td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Allocation Year</th>
<th>Funding Source</th>
<th>Remaining Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012/2013</td>
<td>Local Fair Share (M2)</td>
<td>$ 714,979</td>
</tr>
<tr>
<td>2013/2014</td>
<td>Local Fair Share (M2)</td>
<td>1,267,710</td>
</tr>
</tbody>
</table>

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: $1,312,519
  Total MOE Expenditures: $2,056,554

Measure M2 Local Fair Share Expenditures:
- City Wide Street Improvements: $691,357
- Rancho Road Widening - Design: $34,505
  Total Measure M Local Fair Share Expenditures: $725,862

Total MOE and Measure M2 Local Fair Share Expenditures: $2,782,416

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