

**ORANGE COUNTY LOCAL  
TRANSPORTATION AUTHORITY**

**MEASURE M2 LOCAL FAIR SHARE**

**AGREED-UPON PROCEDURES REPORTS**

**Year Ended June 30, 2014**

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

The cities listed below were selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2014. Please refer to the individual divider tab for our report on each Agency.

City of Aliso Viejo

City of Buena Park

City of Costa Mesa

City of Dana Point

City of La Habra

City of Orange

City of Santa Ana

City of Seal Beach

City of Stanton

City of Westminster



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

Board of Directors

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Aliso Viejo's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

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

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

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

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

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

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

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

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

Results: Based on our review of the general ledger expenditure detail and discussion with the City’s accounting personnel, we noted no indirect MOE expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

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

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

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

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

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
  - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.

- b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

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

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

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

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

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

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

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

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



Laguna Hills, California  
December 19, 2014

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

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

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



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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Buena Park's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

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

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

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

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

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

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

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

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

Results: Based on our review of the general ledger expenditure detail and discussion with the City’s accounting personnel, indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2014. Indirect MOE expenditures tested totaled \$39,173. No exceptions were noted as a result of our procedures.

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

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

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

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

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

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
  - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
  - b. Verified that the expenditures selected in (a) above were related to projects included in the City’s Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

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

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

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

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

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

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

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

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



Laguna Hills, California

December 19, 2014

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

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



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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Costa Mesa's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

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

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

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

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

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

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

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

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

Results: Based on our review of the general ledger expenditure detail and discussion with the City’s accounting personnel, we noted no indirect MOE expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

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

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

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

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

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
  - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
  - b. Verified that the expenditures selected in (a) above were related to projects included in the City’s Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

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

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

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

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

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

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

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

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



Laguna Hills, California  
December 19, 2014

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

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

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



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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Dana Point's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

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

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

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

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

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

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

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

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

Results: Based on our review of the general ledger expenditure detail and discussion with the City’s accounting personnel, we noted no indirect MOE expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

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

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

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

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

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
  - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
  - b. Verified that the expenditures selected in (a) above were related to projects included in the City’s Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

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

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

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

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

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

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

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

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



Laguna Hills, California  
December 19, 2014

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

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

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



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

Board of Directors

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of La Habra's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

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

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

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

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

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

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

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

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

Results: Based on our review of the general ledger expenditure detail and discussion with the City’s accounting personnel, indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2014. Indirect MOE expenditures tested totaled \$2,857. No exceptions were noted as a result of our procedures.

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

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

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

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

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

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
  - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
  - b. Verified that the expenditures selected in (a) above were related to projects included in the City’s Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

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

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

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

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

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

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

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

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



Laguna Hills, California  
December 19, 2014

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

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

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



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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Orange's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

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

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

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

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

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

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

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

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

Results: Based on our review of the general ledger expenditure detail and discussion with the City’s accounting personnel, indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2014. Indirect MOE expenditures tested totaled \$45,645. No exceptions were noted as a result of our procedures.

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

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

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

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

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

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
  - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
  - b. Verified that the expenditures selected in (a) above were related to projects included in the City’s Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

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

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

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

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

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

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

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

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



Laguna Hills, California  
December 19, 2014

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

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

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



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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Santa Ana's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

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

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

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

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

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

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

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

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

Results: Based on our review of the general ledger expenditure detail and discussion with the City’s accounting personnel, indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2014. Indirect MOE expenditures tested totaled \$972,669, or 14% of total MOE expenses. No exceptions were noted as a result of our procedures.

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

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

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

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

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

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
  - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.

- b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

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

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

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

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

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

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

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

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



Laguna Hills, California  
December 19, 2014

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

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

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



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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Seal Beach's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

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

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

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

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

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

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

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

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

Results: Based on our review of the general ledger expenditure detail and discussion with the City’s accounting personnel, indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2014. Indirect MOE expenditures tested totaled \$1,118. No exceptions were noted as a result of our procedures.

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

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

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

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

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

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
  - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.

- b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

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

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

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

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

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

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

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

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

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

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



Laguna Hills, California  
December 19, 2014

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

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

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



## EXHIBIT 1

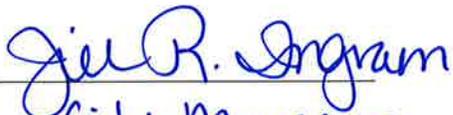
December 19, 2014

### RESPONSE TO FINDINGS

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

- COSB agrees with the findings for items 1 through 3, and 5 through 11 as presented.
  
- Item 4 Finding: ***We haphazardly selected a sample of MOE expenditures from the City's general ledger expenditure detail. We noted 4 samples, totaling \$3,991, were not properly classified as a local street and road expenditure, nor were they for costs allowable per the Ordinance.***
  - Response: While the noted samples are not material in expense, COSB agrees that the questioned charges were not appropriate and will look for ways to ensure that all included costs are appropriately recorded.

Signature:   
Title: DIRECTOR OF FINANCE /  
CITY TREASURER

Signature:   
Title: City Manager



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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Stanton's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

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

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

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

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

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

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

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

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

Results: Based on our review of the general ledger expenditure detail and discussion with the City’s accounting personnel, indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2014. Indirect MOE expenditures tested totaled \$3,288. No exceptions were noted as a result of our procedures.

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

Results: The City received \$1,196,222 for the past three fiscal years ended June 30, 2012, 2013 and 2014. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2011/2012	Local Fair Share (M2)	\$ 212,496
2012/2013	Local Fair Share (M2)	\$ 420,406
2013/2014	Local Fair Share (M2)	\$ 382,297

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

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 220, Measure M Fund. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2014 were \$45,656 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
  - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
  - b. Verified that the expenditures selected in (a) above were related to projects included in the City’s Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$45,656 representing 100% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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



Laguna Hills, California  
December 19, 2014

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

Maintenance of Effort (MOE) Expenditures:	
Maintenance - Street Maintenance	\$ 97,407
Administration - Personnel	<u>112,101</u>
Total MOE Expenditures	<u>209,508</u>
 Measure M2 Local Fair Share Expenditures:	
Beach/Stanford Traffic Signal & Median Improvements	1,343
Citywide Pavement Rehabilitation	<u>44,313</u>
Total Measure M Local Fair Share Expenditures	<u>45,656</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 255,164</u></u>

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



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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Westminster's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2014. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$1,284,000 in MOE expenditures during the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

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

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

Results: The City's MOE expenditures for the fiscal year ended June 30, 2014 were \$2,056,554 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

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

Results: MOE expenditures tested totaled \$730,288, representing approximately 36% of total MOE expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: Based on our review of the general ledger expenditure detail and discussion with the City’s accounting personnel, indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2014. Indirect MOE expenditures tested totaled \$342,645. No exceptions were noted as a result of our procedures.

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

Results: The City received \$3,674,327 for the past three fiscal years ended June 30, 2012, 2013 and 2014. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2012/2013	Local Fair Share (M2)	\$ 714,979
2013/2014	Local Fair Share (M2)	1,267,710

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

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 211, Measure M Fund and Fund 400, Capital Project Fund. These funds also are used to record M1 Turnback and M2 Competitive grants. The City maintains a spreadsheet which details the total amount for Measure M2 Local Fair Share. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2014 were \$725,862 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City’s Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
  - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
  - b. Verified that the expenditures selected in (a) above were related to projects included in the City’s Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$686,110 representing approximately 95% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. No exceptions were noted as a result of our procedures.

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

Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, indirect costs were charged as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2014. Indirect Measure M2 Local Fair Share expenditures tested totaled \$158,405. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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



Laguna Hills, California  
December 19, 2014

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

Maintenance of Effort (MOE) Expenditures:	
Concrete Repair	\$ 387,539
Street Tree Maintenance	353,314
Traffic Commission	3,182
Engineering	<u>1,312,519</u>
Total MOE Expenditures	<u>2,056,554</u>
 Measure M2 Local Fair Share Expenditures:	
City Wide Street Improvements	691,357
Rancho Road Widening - Design	<u>34,505</u>
Total Measure M Local Fair Share Expenditures	<u>725,862</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 2,782,416</u></u>

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