

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 LOCAL FAIR SHARE

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2015

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 LOCAL FAIR SHARE

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2015

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, 2015. Please refer to the individual divider tab for our report on each Agency.

City of Anaheim

City of Brea

City of Garden Grove

City of Huntington Beach (as of City's fiscal year end, September 30, 2015)

City of Laguna Hills

City of La Palma

City of Mission Viejo

City of Tustin

County of Orange



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

Board of Directors

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Anaheim's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2015. 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 \$8,127,913 in MOE expenditures during the fiscal year ended June 30, 2015. 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 (101) and Sanitation Enterprise Fund (590), under Department 412. 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, 2015 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2015 were \$8,664,773 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

4. We 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 \$2,318,626, representing approximately 27% of total MOE expenditures for the fiscal year ended June 30, 2015. 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 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, 2015. Indirect MOE expenditures tested totaled \$440,768. 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, 2015 and determined whether funds were expended within three years of receipt.

Results: The City received \$9,057,339 for the past three fiscal years ended June 30, 2013, 2014 and 2015. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2014/2015	Local Fair Share (M2)	\$ 2,045,860

No exceptions were noted as a result of our procedures.

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, 2015.

Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 271, Traffic Improvement - Measure M2 Fund. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2015 were \$8,341,603 (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 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 \$6,485,138 representing approximately 78% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2015. We noted \$243,390 of the expenditures tested related to the Santa Ana River Trail project, which was not included in the City's approved Seven-Year CIP, as required.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we 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, we noted no indirect costs were charged as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2015. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes 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.

Vawrich Taxin, Dug; Co., LLP
Laguna Hills, California
December 18, 2015

SCHEDULE A

CITY OF ANAHEIM, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2015
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Street Sign and Safety Devices	\$ 676,915
Sidewalk and Curb Maintenance	1,077,040
Right of Way Landscaping and Maintenance	1,751,886
Traffic System Services	3,039,709

Construction:

Street Construction	546,568
Engineering Design	380,897
Traffic Engineering	221,318
Engineering Inspection and Survey	1,266,202

Administrative/Other:

Engineering Administration	1,385,778
Traffic (Systems & Commuter Services)	744,761

Less: MOE Exclusions

(2,426,301)

Total MOE Expenditures

8,664,773

Measure M2 Local Fair Share Expenditures:

Pavement Rehabilitation Projects	2,908,927
ARTIC	4,720,298
Santa Ana River Trail (not on Seven-Year CIP)	480,438
Administrative Expenditures - all approved projects	<u>231,940</u>

Total Measure M2 Local Fair Share Expenditures

8,341,603

Total MOE and Measure M2 Local Fair Share Expenditures

\$ 17,006,376

Note:

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

City of Anaheim
DEPARTMENT OF PUBLIC WORKS



December 18, 2015

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance Agreed-upon Procedures report for the City of Anaheim as of and for the fiscal year ended June 30, 2015.

Procedure #8

We obtained the City's Seven-Year Capital Improvement Program (CIP) and 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.

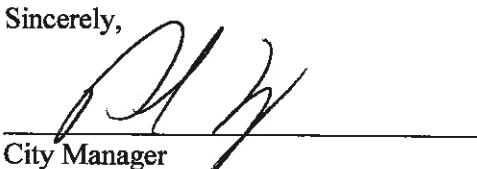
Results:

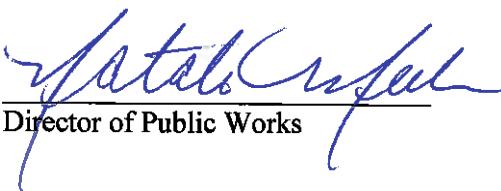
Measure M2 Local Fair Share expenditures tested totaled \$6,485,138 representing approximately 78% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2015. We noted \$243,390 of the expenditures tested related to the Santa Ana River Trail project, which was not on the approved Seven-Year CIP, as required.

City's Response:

We will submit an amended Seven-Year CIP to OCLTA for consideration. We will implement procedures going forward to ensure M2 Local Fair Share expenditures are only incurred for projects listed on the approved Seven-Year CIP.

Sincerely,


 City Manager


 Director of Public Works


 Director of Finance



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

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 Brea'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, 2015. 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 \$703,000 in MOE expenditures during the fiscal year ended June 30, 2015. 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 (110) and its Capital Improvement Fund (510). 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, 2015 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2015 were \$1,768,773 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

4. We 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 \$812,961, representing approximately 46% of total MOE expenditures for the fiscal year ended June 30, 2015. We noted two expenditures, totaling \$38,163, were not properly classified as local street and road expenditures, nor were the costs allowable per the Ordinance. After removing the amounts from total MOE expenditures, we noted the City continued to meet the minimum MOE requirement.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we 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, 2015. Indirect MOE expenditures tested totaled \$186,797. 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, 2015 and determined whether funds were expended within three years of receipt.

Results: The City received \$2,429,896 for the past three fiscal years ended June 30, 2013, 2014 and 2015. 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)	\$ 320,127
2014/2015	Local Fair Share (M2)	\$ 730,888

No exceptions were noted as a result of our procedures.

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, 2015.

Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 260, Measure M Transportation Fund and Fund 510, Capital Improvement Fund. The City maintains a spreadsheet which details the total amount for Measure M2 Local Fair Share, between both funds, which reconciles to the general ledger. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2015 were \$272,159 (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 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 \$242,010 representing approximately 89% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2015. 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 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, 2015. Indirect Measure M2 Local Fair Share expenditures tested totaled \$7,793. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes 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 18, 2015

SCHEDULE A

CITY OF BREA, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2015
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Street Maintenance	\$ 1,451,314
Parkway Trees	146,260
Slurry Seal Program	<u>171,199</u>
Total MOE Expenditures	<u>1,768,773</u>

Measure M2 Local Fair Share Expenditures:

Lambert Road Rehabilitation (Phase 2)	5,804
Wildcat Way Rehabilitation	256,038
Administrative Expenditures - all approved projects	<u>10,318</u>
Total Measure M2 Local Fair Share Expenditures	<u>272,159</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 2,040,932</u></u>

Note:

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



City of Brea

December 18, 2015

Board of Directors

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of Brea as of and for the fiscal year ended June 30, 2015.

Procedure #4b.

Verified that the expenditure amount listed on the general ledger to supporting documentation, which may include check copy or wire transfer, vendor invoice, payroll registers and timecards, journal entry or other appropriate supporting documentation.

Results:

MOE Expenditures tested totaled \$812,961, representing approximately 46% of total MOE expenditures for the fiscal year ended June 30, 2015. We noted two expenditures, totaling \$38,163 were not properly classified as local street and road expenditures, nor were the costs allowable per the Ordinance. After removing the amounts from the MOE expenditures, we noted the City continued to meet the minimum MOE requirement.

City's Response:

The City corrected the finding via journal entry to remove the expenditures from the Street Maintenance Program during the fiscal year ended June 30, 2015. To avoid this from happening in the future, the City will create the Parking Lot Maintenance Program for the future coding of such expenditures

Sincerely,

Title: City Manager/
Administrative Services Director

Title: Public Works Director



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

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 Garden Grove'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, 2015. 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 \$2,823,522 in MOE expenditures during the fiscal year ended June 30, 2015. 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 (111). 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, 2015 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2015 were \$5,397,017 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

4. We 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 \$1,231,070, representing approximately 23% of total MOE expenditures for the fiscal year ended June 30, 2015. 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 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, 2015. Indirect MOE expenditures tested totaled \$105,351. 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, 2015 and determined whether funds were expended within three years of receipt.

Results: The City received \$6,246,116 for the past three fiscal years ended June 30, 2013, 2014 and 2015. The remaining cash balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Cash Balance</u>
2014/2015	Local Fair Share (M2)	\$ 211,566

No exceptions were noted as a result of our procedures.

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, 2015.

Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 422. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2015 were \$1,906,520 (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 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 \$1,335,834 representing approximately 70% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2015. Per Schedule A, we noted \$99,000 of expenditures were incurred for a project not included in the City's Seven-Year CIP, as required.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we 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, we noted no indirect costs were charged as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2015. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes 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.

Vernon Tice, DCP, CFA
Laguna Hills, California
December 18, 2015

SCHEDULE A

CITY OF GARDEN GROVE, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2015
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Street M/S/P	\$ 40,726
Seal Coating	282,939
Asphalt Maintenance Overlay	532,394
Concrete Maintenance	282,690
Graffiti Removal	171,395
R/W & St. Cleaning	942,354
Spill Cleanup	78,142
Tree Maintenance	913,833
Traffic Maintenance M/S/P	10,238
Traffic Sign Maintenance	154,573
Traffic Painting	167,319
Traffic Signal Maintenance	94,922
R/W Lndsc Mnt M/SP	29,709
Median Maintenance	391,853
Construction:	
Concrete Repl/Capital	235,267
Administrative/Other:	
Traffic Engineering	365,790
Capital Improvement Planning	81,318
Special Projects	139,884
Operation Engineering	104,027
Public Works General Administration	136,650
NPDES Program	240,994
Total MOE Expenditures	<u>5,397,017</u>

Measure M2 Local Fair Share Expenditures:

Harbor/Twintree High Intensity Activated Crosswalk (HAWK)	1,443
Harbor Boulevard Median Curb Upgrade	1,207
Arterial Highway Rehabilitation Program	10,745
Traffic Management Center/Citywide Fiber Interconnect	(2,323)
Intersection of Harbor Boulevard and Garden Grove Boulevard	(1,503)
Magnolia Street Reconstruction	5,280
Fairview/Trask Intersection Improvement	145
Harbor Landscape Improvement - Phase 2 (Not on Seven-Year CIP)	99,000
Local Street Improvement Program	5,180
Proposition 1B State Local Partnership Program (SLPP) Projects	77,182
Brookhurst Street Rehabilitation	1,709,967
Brookhurst Hazard - Westminster	197
Total Measure M2 Local Fair Share Expenditures	<u>1,906,520</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 7,303,537</u>

Note:

The above amounts were taken directly from the financial records of the City of Garden Grove and were not audited.



CITY OF GARDEN GROVE

December 18, 2015

Board of Directors and Taxpayer Oversight Committee of
Orange County Local Transportation Authority (OCLTA)
550 S. Main Street
Orange, CA 92863

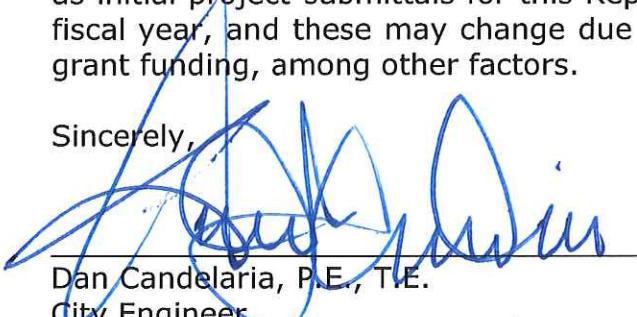
Bao Nguyen
Mayor
Steven R. Jones
Mayor Pro Tem
Christopher V. Phan
Council Member
Phat Bui
Council Member
Kris Beard
Council Member

Subject: City's Response to OCLTA's Measure M2 Agreed-Upon Procedures Report

This letter is in response to the Orange County Transportation Authority's FY14-15 Measure M2 Local Fair Share Agreed-Upon Procedures Report - Procedure No. 8. It has been noted that \$99,000 of expenditures were incurred for a project not listed on the City's Seven-Year Capital Improvement Plan (CIP).

The City of Garden Grove will submit an amended Seven-Year Capital Improvement Plan to OCLTA for their consideration. Please note, the \$99,000 in question were eligible transportation expenses per Measure M2 Ordinance No. 3 criteria. The City of Garden Grove will implement procedures that will facilitate amendments to the Seven-Year CIP, as initial project submittals for this Report are based on estimates at the beginning of a fiscal year, and these may change due to construction schedules and availability of new grant funding, among other factors.

Sincerely,


Dan Candelaria, P.E., T.E.
City Engineer


Kingsley Okereke
Assistant City Manager/Finance Director


Scott C. Stiles
City Manager



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

Board of Directors

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Huntington Beach's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, September 30, 2015. 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 \$4,954,235 in MOE expenditures during the fiscal year ended September 30, 2015. 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 (100). No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended September 30, 2015 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended September 30, 2015 were \$10,187,301 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

4. We 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 \$1,248,614, representing approximately 12% of total MOE expenditures for the fiscal year ended September 30, 2015. 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 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 September 30, 2015. Indirect MOE expenditures tested totaled \$121,633. 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 September 30, 2015 and determined whether funds were expended within three years of receipt.

Results: The City received \$8,733,806 for the past three fiscal years ended September 30, 2013, 2014 and 2015. 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)	\$ 1,541,279
2014/2015	Local Fair Share (M2)	\$ 2,999,191

No exceptions were noted as a result of our procedures.

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 September 30, 2015.

Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 213, Measure M Fund. The City maintains a spreadsheet which details the total amount for Measure M2 Local Fair Share, compared to other M2 funded projects, which reconciles to the general ledger. Total Measure M2 Local Fair Share expenditures during the fiscal year ended September 30, 2015 were \$1,318,184 (see Schedule A). Based on inquiry with City management including public works, the City asserted there are two business units used to report M2 Local Fair Share expenditures related to the City's Arterial Rehabilitation project: 21390008 – Arterial Highway Rehab and 21385201 – Engineering Design/Construction. No exceptions were noted as a result of our procedures.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP) and 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 \$445,661 representing approximately 34% of total Measure M2 Local Fair Share expenditures for the fiscal year ended September 30, 2015. As noted under procedure 7, the City reports expenditures within two business units, both related to the Arterial Rehabilitation project on the Seven-year CIP. The City uses Business Unit 21391008 to track portions of the project that the City budgets for and intends to capitalize, while Business Unit 21385201 is a combination of construction, design, and engineering labor costs incurred by City personnel for the project. No exceptions were noted.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we 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, we noted no indirect costs were charged as Measure M2 Local Fair Share expenditures for the fiscal year ended September 30, 2015. 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 18, 2015

SCHEDULE A

CITY OF HUNTINGTON BEACH, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended September 30, 2015
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance	
Traffic Signs/Striping and Signals	\$ 1,102,895
Street Maintenance	1,427,543
Hazardous Materials	164,337
Street Cleaning	909,678
Storm Drain Maintenance	315,093
Landscape and Tree Maintenance	2,144,016
Fleet and Equipment Maintenance	1,052,082
Construction:	
Design/Construction	717,930
Development Processing	267,102
Traffic Engineering	1,146,653
Administrative/Other:	
Public Works, Maintenance and General Services Admin	707,525
Storm Drain Pollution Control	<u>232,447</u>
Total MOE Expenditures	<u>10,187,301</u>

Measure M2 Local Fair Share Expenditures:

Arterial Rehabilitation (BU 21390008)	479,899
Engineering Design and Construction - for Arterial Rehabilitation (BU 21385201)	<u>838,285</u>
Total Measure M2 Local Fair Share Expenditures	<u>1,318,184</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 11,505,485</u>

Note:

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

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

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 Laguna Hills' (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, 2015. 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 \$269,339 in MOE expenditures during the fiscal year ended June 30, 2015. 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 (100) and CIP Fund (600). 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, 2015 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2015 were \$1,104,430 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

4. We 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 \$308,033, representing approximately 28% of total MOE expenditures for the fiscal year ended June 30, 2015. 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 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, 2015. Indirect MOE expenditures tested totaled \$136. 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, 2015 and determined whether funds were expended within three years of receipt.

Results: The City received \$1,422,369 for the past three fiscal years ended June 30, 2013, 2014 and 2015. We noted no remaining cash balance. No exceptions were noted as a result of our procedures.

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, 2015.

Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 212, Measure M Fund, as a transfer out to Fund 100, General Fund. Specific invoices are identified by the City as M2 Local Fair Share, recorded within accounts 100-250-720.400 (Street Maintenance) and 100-250-720.420 (Traffic Signal Maintenance). Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2015 were \$535,808 (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 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 \$389,087 representing approximately 73% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2015. 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 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, we noted no indirect costs were charged as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2015. 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.

Vernick Tain, Dug's Co., LLP
Laguna Hills, California
December 18, 2015

SCHEDULE A

CITY OF LAGUNA HILLS, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2015
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Street Sweeping	\$ 131,653
Signal Maintenance Contract	29,900
Utilities	446,575
Personnel	114,718
Miscellaneous Contract and Other Maintenance	251,052

Construction:

Street, Signals and Lighting	2,824,485
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Administrative/Other:

Operating Expenditures	10,265
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Less: MOE Exclusions (2,704,218)

Total MOE Expenditures 1,104,430

Measure M2 Local Fair Share Expenditures:

Public Works Maintenance and Operations 535,808

Total Measure M2 Local Fair Share Expenditures 535,808

Total MOE and Measure M2 Local Fair Share Expenditures \$ 1,640,238

Note:

The above amounts were taken directly from the financial records of the City of Laguna Hills and were not audited.

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

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 Palma'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, 2015. 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 \$173,004 in MOE expenditures during the fiscal year ended June 30, 2015. 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) and Capital Outlay Reserve Fund (035). 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, 2015 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2015 were \$540,653 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

4. We 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 \$289,999, representing approximately 54% of total MOE expenditures for the fiscal year ended June 30, 2015. 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 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, 2015. Indirect MOE expenditures tested totaled \$45,671. 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, 2015 and determined whether funds were expended within three years of receipt.

Results: The City received \$765,201 for the past three fiscal years ended June 30, 2013, 2014 and 2015. The remaining cash balance of these funds was as follows:

Allocation Year	Funding Source	Remaining Cash Balance
2013/2014	Local Fair Share (M2)	\$ 30,589
2014/2015	Local Fair Share (M2)	\$ 209,091

No exceptions were noted as a result of our procedures.

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, 2015.

Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 012. This fund is also used to record M2 Comprehensive Transportation Funding Program 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, 2015 were \$0 (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 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: As noted in procedure 7, the City did not report Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2015. As a result, this procedure was not applicable.

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

Results: As noted in procedure 7, the City did not report Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2015. As a result, this procedure was not applicable.

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.

Vernon Tice, Dag ½ Co., LLP
Laguna Hills, California
December 18, 2015

SCHEDULE A

CITY OF LA PALMA, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2015
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:	
Engineering	\$ 39,769
Street Maintenance	321,485
Street Trees & Medians	108,599
Construction:	
Arterial Pavement Management Program	<u>70,800</u>
Total MOE Expenditures	<u><u>540,653</u></u>

Measure M2 Local Fair Share Expenditures:

N/A - none noted	<u>-</u>
Total Measure M2 Local Fair Share Expenditures	<u>-</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 540,653</u></u>

Note:

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

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

Board of Directors

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Mission Viejo's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2015. 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 \$2,247,610 in MOE expenditures during the fiscal year ended June 30, 2015. 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). 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, 2015 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2015 were \$4,604,438. As described in procedure 4, we noted an exception with respect to an expenditure not allowable per the Ordinance. Subsequent to fieldwork the City corrected the MOE expenditures for the exception and further revised the total MOE expenditures to \$4,492,237 (see Schedule A), which continued to exceed the requirement.

4. We 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 \$1,747,172, representing approximately 39% of total revised MOE expenditures for the fiscal year ended June 30, 2015. During testing of the original MOE expenditures, we noted one expenditure, totaling \$28,428, which was not properly classified as a local street and road expenditure, nor was the cost allowable per the Ordinance. The City corrected its MOE for the \$28,428, and further removed costs totaling \$83,773. After removing the amounts from total MOE expenditures, we noted the City continued to meet the minimum MOE requirement.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we 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, 2015. Indirect MOE expenditures tested totaled \$5,158. 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, 2015 and determined whether funds were expended within three years of receipt.

Results: The City received \$3,910,917 for the past three fiscal years ended June 30, 2013, 2014 and 2015. We noted no remaining cash balance. No exceptions were noted as a result of our procedures.

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, 2015.

Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 267, Measure M2 Sales Tax Apportionment Fund. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2015 were \$2,595,282 (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 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 \$2,225,642 representing approximately 86% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2015. 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 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, we noted no indirect costs were charged as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2015. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes 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.

Vawrich, Twp., Day & Co., LLP
Laguna Hills, California
December 18, 2015

SCHEDULE A

CITY OF MISSION VIEJO, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2015
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Street Lighting	\$ 996,642
Street Maintenance	2,235,517
Signal Maintenance	486,053
Environmental Maintenance	462,884
Marguerite Resurface/Median Rehabilitation	2,750

Construction:

City Wide EVP Device Install	5,381
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Administrative/Other:

Public Works - Admin	33,394
Engineering	24,990
Transportation Planning	104,182
Traffic Operations	83,803
Traffic Safety	56,641

Total MOE Expenditures	<u>4,492,237</u>
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Measure M2 Local Fair Share Expenditures:

210 - Marguerite Parkway Pavement Rehabilitation (Traffic Signal Synchronization)	19,912
221 - Marguerite Parkway Pavement Rehabilitation (Trabucco Road to Alicia Parkway)	387,375
215 - Citywide Emergency Vehicle Pre-emption System	32,800
837 - Arterial Highway Resurfacing Program	1,746,861
217 - Muirlands Blvd/Barranca Pkwy Corridor Regional Traffic Signal Synchronization	1,979
838 - Residential Resurfacing	401,418
219 - Trabucco Road Corridor Regional Traffic Signal Synchronization	4,117
223 - La Paz Road Corridor Regional Traffic Signal Synchronization	820

Total Measure M2 Local Fair Share Expenditures	<u>2,595,282</u>
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Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 7,087,519</u></u>
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Note:

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



City of Mission Viejo

Administrative Services Department

Cathy Schlicht
Mayor

Greg Raths
Mayor Pro Tem

Wendy Bucknum
Council Member

Edward Sachs
Council Member

Frank Ury
Council Member

December 18, 2015

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of Mission Viejo as of and for the fiscal year ended June 30, 2015.

Procedure #4

Select a sample of MOE expenditures from the City's general ledger expenditure detail and verify the expenditures are properly classified as a local street and road expenditure and are allowable per the Ordinance.

Results:

One expenditure totaling \$28,428 was not properly classified as a local street and road expenditure, nor was the cost allowable per the Ordinance. After removing the amount from total MOE expenditures, the City continues to meet the minimum MOE requirement.

City's Response:

The City provided preliminary, unaudited numbers for the MOE agreed upon procedures. After auditor fieldwork, the ineligible expenditures were removed from our MOE, annual street report, and Measure M2 report. Our MOE report has since been modified and corrective procedures have been put in place. The City still meets the minimum MOE requirement after the removal of the ineligible expenditures.

Board of Directors
December 18, 2015
Page two

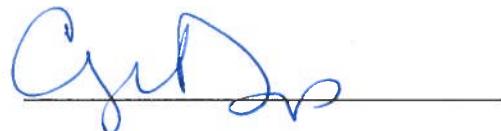
Sincerely,



Dennis Wilberg, City Manager



Mark Chagnon, Director of Public Works



Cheryl Dyas

Cheryl Dyas, Director of Finance

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

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 Tustin'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, 2015. 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 \$1,222,756 in MOE expenditures during the fiscal year ended June 30, 2015. 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 Land Sale Proceeds Fund (189) – Department 80 (Architect-Engineering Services), a subfund of the General Fund, and Capital Projects Fund (200) – Department 40 (Public Works). 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, 2015 and determined whether the City met the minimum MOE requirement.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2015 were \$3,107,260 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

4. We 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 \$2,166,578, representing approximately 70% of total MOE expenditures for the fiscal year ended June 30, 2015. 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 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, 2015. 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, 2015 and determined whether funds were expended within three years of receipt.

Results: The City received \$3,494,337 for the past three fiscal years ended June 30, 2013, 2014 and 2015. 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)	\$ 612,993
2013/2014	Local Fair Share (M2)	\$ 1,311,059
2014/2015	Local Fair Share (M2)	\$ 1,146,029

No exceptions were noted as a result of our procedures.

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, 2015.

Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 139 (Measure M – Fair Share). Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2015 were \$609,641 (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 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 \$430,838 representing approximately 71% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2015. 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 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, 2015. Indirect Measure M2 Local Fair Share expenditures tested totaled \$3,388. 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.

Vawneek Tsin, Dug's Co., LLP
Laguna Hills, California
December 18, 2015

SCHEDULE A

CITY OF TUSTIN, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2015
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:	
Overlay & Sealing	1,249,616
Street Lights & Traffic Signals	105
Other Street Purpose Maintenance	51,370
Construction	
New Street Construction	1,067,914
Street Reconstruction	438,941
Administrative/Other:	
Labor	<u>299,314</u>
Total MOE Expenditures	<u>3,107,260</u>

Measure M2 Local Fair Share Expenditures:

Battery Backup System Installations (40079)	360,639
Traffic Signal Controller Equipment Upgrades and Replacements (40080)	46,828
Biofiltration Retrofit - Edinger/Red Hill/Valencia/Kensington Park Quadrant (50041)	64,079
Annual Roadway and Public Infrastructure Maintenance (70014)	55,325
Jamboree Road, Warner Avenue, and Tustin Avenue Signal Synchronization Projects (40081)	12,677
First Street/Bolsa Avenue Signal Synchronization Project (40082)	5,920
Newport Avenue Synchronization Project (40085)	9,290
17th Street Synchronization Project*	203
Warner Avenue Extension: Red Hill Avenue to Tustin Ranch Road (70202)	<u>54,680</u>
Total Measure M2 Local Fair Share Expenditures	<u>609,641</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 3,716,901</u>

Note:

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

* The 17th Street Synchronization Project was not included in the FY 14/15 CIP plan. The project was approved by City Council through Resolution No. 14-66 on November 18, 2014, and added to FY 15/16 CIP plan on June 16, 2015.

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — COUNTY 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 County of Orange's (County) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2015. The County'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 County.

Results: OCLTA has determined that the MOE is not applicable for the County.

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

Results: The County did not have an MOE requirement for the fiscal year ended June 30, 2015. As a result, this procedure was not applicable.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2015 and determined whether the County met the minimum MOE requirement.

Results: The County did not have an MOE requirement for the fiscal year ended June 30, 2015. As a result, this procedure was not applicable.

4. We selected a sample of MOE expenditures from the County'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: The County did not have an MOE requirement for the fiscal year ended June 30, 2015. As a result, this procedure was not applicable.

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

Results: The County did not have an MOE requirement for the fiscal year ended June 30, 2015. As a result, this procedure was not applicable.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the County and calculated the amount the County received for the past three fiscal years. We obtained the cash balance of the County's Measure M2 Local Fair Share Fund as of June 30, 2015 and determined whether funds were expended within three years of receipt.

Results: The County received \$8,079,670 for the past three fiscal years ended June 30, 2013, 2014 and 2015. We noted no remaining cash balance. No exceptions were noted as a result of our procedures.

7. We documented which fund the County 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, 2015.

Results: The County's Measure M2 Local Fair Share expenditures are recorded in Fund 115, Road Fund. The County 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, 2015 were \$3,032,673 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the County's Seven-Year Capital Improvement Program (CIP) and selected a sample of Measure M2 Local Fair Share expenditures from the County'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 County's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$2,787,746 representing approximately 92% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2015. 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 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 County's accounting personnel, we noted no indirect costs were charged as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2015. No exceptions were noted as a result of our procedures.

10. We reviewed the County'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 County 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 County 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.

Vernick Tain, Dag ½ Co., LLP
Laguna Hills, California
December 18, 2015

SCHEDULE A

COUNTY OF ORANGE, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2015
(Unaudited)

Measure M2 Local Fair Share Expenditures:

"A" Street	\$ 1,985,881
Moulton Parkway Widening Segment 3 Phase II	<u>1,046,792</u>
Total Measure M2 Local Fair Share Expenditures	<u><u>\$ 3,032,673</u></u>

Note:

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