



April 24, 2024

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Orange County Local Transportation Authority Measure M2
Agreed-Upon Procedures Reports, Year Ended June 30, 2023

Overview

Crowe LLP, an independent accounting firm, has applied agreed-upon procedures related to Measure M2 Local Fair Share funds provided to seven cities, and Senior Mobility Program funds provided to six cities, for the fiscal year ended June 30, 2023. Local Fair Share program reports include observations of indirect charges lacking a reasonable methodology, indirect charges allocated based on an aged allocation plan, and reporting errors. Senior Mobility Program audits include observations relating to failure to meet the program match requirement, late submission of a monthly report, reporting errors, failure to allocate interest, and third-party contract language.

Recommendations

- A. Direct staff to monitor implementation of corrective actions by cities.
- B. Direct staff to review with legal counsel the results of agreed-upon procedures applied to the cities of Buena Park and Orange and develop recommendations for Board of Directors' consideration to address the exceptions related to Local Fair Share expenditures by the City of Buena Park and maintenance of effort expenditures by the City of Orange.
- C. Direct staff to withhold funds from a future payment to the City of Mission Viejo to address the shortfall in match funds in accordance with the Senior Mobility Program Guidelines.

Background

Annually, the Audit Subcommittee (Subcommittee) of the Taxpayer Oversight Committee selects a sample of local jurisdictions receiving Measure M2 (M2) funding for review to determine the local jurisdictions' level of compliance with provisions of the M2 Ordinance. For the fiscal year (FY) ended June 30, 2023, the Subcommittee selected seven cities for review of Local Fair Share (LFS) program funding and six cities for review of Senior Mobility Program (SMP) funding. The agreed-upon procedures (AUP) applied for these reviews were originally approved by the Subcommittee.

The LFS program is a formula-based allocation provided to eligible jurisdictions for use on allowable transportation planning and implementation activities. Since the LFS program is intended to augment, not replace, existing transportation investments, each jurisdiction is required to maintain a minimum level of local street and roads expenditures to conform to a defined maintenance of effort (MOE) requirement. MOE expenditures are required to conform to State Controller's Office Gas Tax Guidelines. Cities are required to submit copies of their Seven-Year Capital Improvement Plan, reflecting projects that will be funded with LFS.

The SMP is a formula-based allocation provided to eligible, participating jurisdictions for local community transportation services that best meet the needs of their senior communities. M2 revenues provide 80 percent of the program cost, and participating local jurisdictions provide a 20 percent match. Seniors must be age 60 or older to be eligible to participate in the program. A cooperative agreement, along with a written service plan, is executed between the local jurisdiction and the Orange County Local Transportation Authority (OCLTA) to outline requirements of the program and to describe services to be provided. Cities are required to submit monthly SMP activity reports within 30 days of month end.

All M2 revenues, interest earned on net revenues, expenditures, and expenditures of earned interest are required to be reflected on an annual expenditure report. The expenditure report requires certification by the respective city's finance director and must be adopted by the city council and filed with OCLTA, within six months of FY end.

Discussion

Crowe LLP (auditors) conducted interviews of city finance and program-related staff, and applied the AUPs, including testing of expenditures for compliance with program requirements, review of indirect costs for adequate support and

reasonableness, testing to ensure allocation of interest, and testing of annual expenditure reports for accuracy.

Agreed-Upon Procedures: LFS Program Funds

The auditors examined the cities of Aliso Viejo, Anaheim, Buena Park, Costa Mesa, Orange, Santa Ana, and Stanton. No exceptions resulted from the AUPs applied to the cities of Costa Mesa and Stanton.

Auditors identified one or more reporting errors on the expenditure reports submitted by four cities and reported that the indirect cost allocation plan used by one city was aged, as it was developed based on analysis of activities that occurred over eight years prior.

Two cities lacked adequate documentation to support indirect costs allocated to MOE. Without sufficient documentation of a reasonable methodology used to support the indirect charges, auditors are unable to determine that the allocation of these costs is fair and equitable, as required. At the City of Buena Park (Buena Park), after removing unsupported indirect costs, the city continued to meet the minimum MOE requirement. However, after removal of unsupported indirect charges by the City of Orange (Orange), Orange no longer met its minimum MOE requirement of \$3,392,885. The amount of the shortfall is \$1,116,649. Orange responded that they would ensure indirect charges are supported, documented, and based on a reasonable allocation methodology going forward.

Insufficiently supported indirect charges to the LFS fund were identified at Buena Park. Auditors identified a total of \$387,576 in indirect labor allocation charges that were not supported by a documented, reasonable methodology. The allocation percentages used were based on managerial assumption of time spent by employees, rather than an analysis of historical or current data. As such, the auditors lacked the information necessary to confirm the allocation of labor charges as fair and reasonable. Buena Park responded that they acknowledge the result; however, they maintain that the methodology used is the same that was used and accepted by auditors during a prior AUP performed for the FY ended June 30, 2018. Buena Park management also stated that they have sample documentation to support that staff spent time working on street projects; however, the documentation was not accepted by the auditors due to challenges in quantifying the time spent. Buena Park feels that disallowing the entirety of the costs is unreasonable. Buena Park agreed to revise its indirect cost methodology to align with standards and recognizes the significance of ensuring fair and reasonable allocation of resources while fulfilling M2 objectives.

A summary of all findings and city management responses can be found in Attachment A. Detailed reports, along with written management letters, can be found in Attachment B.

Agreed-Upon Procedures: SMP Funds

The auditors examined the cities of Anaheim, Fullerton, Laguna Beach, Mission Viejo, Newport Beach, and Yorba Linda. No exceptions resulted from the AUPs applied to the cities of Anaheim, Newport Beach, and Yorba Linda.

Auditors identified errors in reporting expenditures at two cities and an error in reporting of fund balance at one city. Two cities were also found to have submitted a monthly report beyond the required 30-day timeframe. Auditors also reported that the third-party vendor contract for one city lacked language requiring the vendor to have wheelchair accessible vehicles available for use, as necessary. The city confirmed that, despite the lack of contract language, the vendor does provide wheelchair accessible vehicles, as necessary, and that required language will be included in any new contracts.

Auditors reported that the City of Mission Viejo (Mission Viejo) provided match expenditures of 18 percent, falling short of the required 20 percent match. Mission Viejo responded that the shortfall resulted from an error in the worksheet used by the city to monitor total expenditures and match fund amounts. Mission Viejo has contacted Orange County Transportation Authority (OCTA) staff to notify of the error. To address the match shortfall, the OCTA Board of Directors (Board) is being asked to direct staff to withhold funds from a future payment to the city, in accordance with the Board-approved SMP Guidelines.

The auditors also reported that the City of Laguna Beach (Laguna Beach) had not allocated interest to the SMP as required. Laguna Beach responded that, currently, interest is allocated at the fund level, rather than the program level. As a result, interest due to the SMP was allocated to their transit fund, within which the SMP is located. Laguna Beach agreed to allocate to the SMP directly going forward.

A summary of all findings and city management responses can be found in Attachment C. Detailed reports, along with written management letters, can be found in Attachment D.

Summary

The auditors have issued results of agreed-upon procedures applied to M2 LFS and SMP funds provided to 11 cities for the FY ended June 30, 2023.

Attachments

- A. Summary of Agreed-Upon Procedures Reports Orange County Local Transportation Authority Measure M2 Local Fair Share for the Year Ended June 30, 2023
- B. Orange County Local Transportation Authority Measure M2 Local Fair Share Agreed-Upon Procedures Reports Year Ended June 30, 2023
- C. Summary of Agreed-Upon Procedures Reports Orange County Local Transportation Authority Measure M2 Senior Mobility Program for the Year Ended June 30, 2023
- D. Orange County Local Transportation Authority Measure M2 Senior Mobility Program Agreed-Upon Procedures Reports Year Ended June 30, 2023

Approved by:



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

SUMMARY OF AGREED-UPON PROCEDURES REPORTS
Orange County Local Transportation Authority
Measure M2 Local Fair Share for the Year Ended June 30, 2023

ATTACHMENT A

City	Result	City Management Response
City of Aliso Viejo (Aliso Viejo)	Aliso Viejo reported 16 direct maintenance of effort (MOE) expenditures, totaling \$54,447, as indirect costs on its Expenditure Report.	Aliso Viejo concurs that costs were incorrectly categorized and will ensure future expenditure reports properly identify any indirect costs.
City of Anaheim (Anaheim)	Testing of direct MOE expenditures identified one expenditure related to parking structure rent, for \$44,528 that should have been reported as indirect.	Anaheim agreed that the expenditure, an internal governmental service charge, should have been reported as an indirect cost and will be reported properly going forward.
	Testing identified \$26,147 in indirect costs that Anaheim allocated based on a written cost allocation plan that was developed in 2016. While the methodology used is reasonable, the plan was based on an analysis of activities that took place over eight years ago.	Anaheim intends to review and update the MOE allocation plan, as necessary, and intends to do this every five years going forward.
	Testing identified 25 Local Fair Share (LFS) expenditures totaling \$34,188, that were reported by Anaheim as indirect expenditures, rather than direct expenditures, on their expenditure report.	Anaheim will report these expenses correctly going forward.
City of Buena Park (Buena Park)	Testing identified indirect costs and chargebacks that were not supported by a documented, reasonable methodology. These allocated costs and chargebacks were removed from the MOE, except for the allocated salary of one street maintenance superintendant who works exclusively on street and road related projects. After these adjustments, Buena Park continued to meet its MOE benchmark.	Buena Park provided one response to both exceptions, as follows: Buena Park accepts that its cost allocation methodology is no longer accepted by the Orange County Transportation Authority (OCTA), but maintains that the methodology is the same used and deemed acceptable during a prior review of the city in 2018. Buena Park has sample documentation to support that staff spent time working on street projects; however, the documentation was not accepted by the auditors due to challenges in quantifying the time spent. Buena Park maintains that it has provided compelling evidence of the resources dedicated and feels that disallowing the entirety of the costs is unreasonable. Buena Park will revise its indirect cost methodology to align with OCTA standards and recognizes the significance of ensuring the fair and reasonable allocation of resources while fulfilling Measure M2 (M2) objectives.
	Testing of LFS indirect expenditures identified \$387,576 in labor charges that were not supported by a documented, reasonable methodology. The allocated percentages for employee labor were based on a managerial assumption, rather than historical or current data. As such, sufficient information was not available to confirm these costs as fair and reasonable, and these allocations, except for the allocated salary of one street maintenance superintendant who works exclusively on street and roads-related projects, were not deemed allowable.	
City of Costa Mesa	None	None
City of Orange (Orange)	Testing identified a total of \$793,608 in indirect expenditures that were reported as direct expenditures.	Orange will implement procedures to ensure proper reporting of direct and indirect expenditures.
	Testing identified unsupported indirect cost allocations totaling \$1,576,443 to the MOE. After removing the unsupported costs, Orange no longer met its MOE benchmark.	Going forward, Orange will ensure that indirect charges are supported, documented, and use a reasonable allocation methodology.
	Testing identified 25 indirect expenditures totaling \$300,014, that should have been reported as direct.	Orange will implement procedures to ensure proper reporting of direct and indirect expenditures.
City of Santa Ana (Santa Ana)	Santa Ana reported MOE expenditures totaling \$14,667,250; however, the general ledger reflected total MOE expenditures of \$15,035,321, a variance of \$368,071. The variance was due to an error in not reporting the full transaction amount of eligible MOE expenditures.	Santa Ana will continue to review and monitor department procedures to ensure proper identification and tracking of MOE expenditures.
	Santa Ana's LFS fund balance of \$14,831,604 was reported on its expenditure report as \$14,831,335, a variance of \$269. The variance was due to Santa Ana not properly recording interest in the prior year.	Going forward, Santa Ana will ensure the beginning balance is accurately derived from the prior year report.

SUMMARY OF AGREED-UPON PROCEDURES REPORTS
Orange County Local Transportation Authority
Measure M2 Local Fair Share for the Year Ended June 30, 2023

City	Result	City Management Response
City of Santa Ana (Santa Ana)	Testing identified 25 indirect expenditures totaling \$483,501, that should have been reported as direct.	Santa Ana will continue to verify and classify expenditures as indirect in accordance with M2 LFS guidelines.
City of Stanton	None	None

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 LOCAL FAIR SHARE

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2023

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 LOCAL FAIR SHARE

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2023

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, 2023. Please refer to the individual divider tab for our report on each Agency.

Aliso Viejo

Anaheim

Buena Park

Costa Mesa

Orange

Santa Ana

Stanton

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
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Aliso Viejo's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2023. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, program, and expenditure number. The City recorded its MOE expenditures in its General Fund (101) and identified MOE expenditures by program code and expenditure code. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2023 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2022/2023. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2023, were \$548,429 (see Schedule A), which exceeded the MOE benchmark requirement of \$538,604. We agreed the total expenditures of \$548,429 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree 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; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 12 direct MOE expenditures totaling \$357,901, which represented approximately 75% of direct MOE expenditures of \$475,422 for the fiscal year ended June 30, 2023. Crowe agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Crowe determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$73,007 in indirect costs for MOE for the fiscal year ended June 30, 2023. We selected 16 indirect costs for inspection totaling \$54,447, representing 75% of the total MOE indirect costs. Upon inspection, we determined these charges were labor costs directly identifiable as street and road project labor costs. As such, these costs should have been reported as direct costs. No other exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2023 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$2,484,025 for the past three fiscal years ended June 30, 2021, 2022, and 2023. We agreed the fund balance of \$806,084 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction 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, 2023. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The LFS expenditures were tracked in the City's general ledger by fund 204 (Measure M2 Fund). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2023, were \$1,393,492 (see Schedule A), which agreed to the City's Expenditure Report (Schedule 2, line 17, and detail listed on Schedule 4). No exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without exception. We selected six direct Measure M2 Local Fair Share expenditures for inspection totaling \$1,224,903 representing approximately 88% of total direct Measure M2 Local Fair Share expenditures of \$1,393,492 for the Fiscal Year ended June 30, 2023. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Local Fair Share expenditures for the fiscal year ended June 30, 2023. No exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$36,439 listed on the City's Expenditure Report (Schedule 2, line 4). The interest earned and the market value loss was \$64,375 and (\$27,936), respectively. We inspected the interest allocation methodology and recomputed the amount. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY23) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were noted as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

(Continued)

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 and is not intended to be, and should not be, used by anyone other than the specified party.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Costa Mesa, California
March 11, 2024

CITY OF ALISO VIEJO, CALIFORNIA
 SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
 Year ended June 30, 2023
 (Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 73,007
Maintenance	
Overlay & Sealing	34,057
Storm Damage	3,973
Other Street Purpose Maintenance	<u>437,392</u>
Total Maintenance	<u>475,422</u>
Total MOE Expenditures	<u>\$ 548,429</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
#122 OCTA Los Alisos Blvd Signal Synchronization	\$ 10,561
#135 FY 22-23 Slury Seal	<u>1,382,931</u>
Total Measure M2 Local Fair Share Expenditures	<u>\$ 1,393,492</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 1,941,921</u>

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



MAYOR
Mike Munzing

MAYOR PRO TEM
Tiffany Ackley

COUNCILMEMBER
Ross Chun

COUNCILMEMBER
Max Duncan

COUNCILMEMBER
Richard Hurt

CITY MANAGER
David A. Doyle

CITY ATTORNEY
Scott C. Smith

CITY CLERK
Mitzi Ortiz, MMC

March 11, 2024

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Aliso Viejo as of and for the fiscal year ended June 30, 2023.

Procedure #4

Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$73,007 in indirect costs for MOE for the fiscal year ended June 30, 2023. We selected 16 indirect costs for inspection totaling \$54,447, representing 75% of the total MOE indirect costs. Upon inspection, we determined these charges were labor costs directly identifiable as street and road project labor costs. As such, these costs should have been reported as direct costs. No other exceptions were found as a result of this procedure.

City's Response:

The City concurs with the finding that costs were incorrectly categorized as indirect costs and should have been direct costs. Staff will ensure future expenditure reports will properly identify any indirect costs, if any.

David Doyle, City Manager

Ann Eifert, Director of Financial Services

Shaun Pelletier, City Engineer/Director of Public Works

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
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Anaheim's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2023. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, department, unit, and object code. The City records its MOE expenditures in its General Fund (101) and in the Public Works Department (412) followed by various unit codes and object codes. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2023 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2022/2023. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2023, were \$15,057,781 (see Schedule A), which exceeded the MOE benchmark requirement of \$11,725,957. We agreed the total expenditures of \$15,057,781 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

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3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree 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; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$6,196,339, which represented approximately 41% of direct MOE expenditures of \$14,964,712 for fiscal year ended June 30, 2023. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Upon inspection of our samples, we determined that there was one expenditure relating to parking structure rent, which totaled \$44,528 should have been reported as indirect costs. No other exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We selected 25 indirect MOE costs for inspection totaling \$26,147, representing 28% of the total indirect MOE costs of \$93,069. These charges include payroll and benefits, monthly group insurance, and others. For indirect costs, the methodology used to allocate the actual costs to projects should be documented and represent a fair and reasonable allocation of costs. The City noted that all indirect expenditures were based on a written cost allocation plan developed in 2016. Through further inspection of the City's indirect cost allocation plan, Crowe determined the methodology was reasonable. However, the allocations was based upon an analysis of activities that took place over 8 years ago. No other exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2023 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$12,329,260 for the past three fiscal years ended June 30, 2021, 2022, and 2023. We compared the fund balance of \$3,422,549 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 21) of \$3,422,549, with no differences. We determined funds were expended within three years of receipt. No exceptions were identified as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction 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, 2023. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

(Continued)

Findings: The LFS expenditures were tracked in the City's general ledger by fund number, department number, and various unit and object codes. The City recorded its LFS expenditures in its Measure M2 Fair Share Fund (271) under the Public Works department (412), followed by a 4-digit unit code and a 4-digit object code. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2023, were \$4,384,847, which agreed to the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without exception. We selected 15 direct Measure M2 Local Fair Share expenditures for inspection totaling \$3,195,620, representing approximately 75% of total direct Measure M2 Local Fair Share expenditures of \$4,232,656 for the fiscal year ended June 30, 2023. We agreed the dollar amount to supporting documentation and determined that expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$152,191 in indirect costs for LFS for the fiscal year ended June 30, 2023. We selected 25 Local Fair Share indirect costs for inspection totaling \$34,188, representing 22% of the total Local Fair Share indirect costs. Upon inspection, we determined these charges were labor costs directly identifiable as street and road project labor costs. As such, these costs should have been reported as direct costs. No other exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$263,385 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

(Continued)

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY23) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were noted as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
March 12, 2024

CITY OF ANAHEIM, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2023
(Unaudited)

SCHEDULE A	
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 93,069
Construction & Right-of-Way	
Street Reconstruction	\$ 989,170
Signals, Safety Devices, & Street Lights	1,988,951
Total Construction	\$ 2,978,121
Maintenance	
Street Lights & Traffic Signals	\$ 5,601,390
Other Street Purpose Maintenance	6,385,201
Total Maintenance	\$ 11,986,591
Total MOE Expenditures	\$ 15,057,781
 Measure M2 Local Fair Share Expenditures (Schedule 4):	
Capital Project Administration	\$ 152,191
General Agency Coordination	4,790
Orangewood Ave Pavement Rehab (Haster to Lewis)	22,003
Orangewood Ave Pavement Rehab (Harbor to Haster)	43,738
Orange Ave Pavement Rehab (Magnolia to Gilbert)	8,320
Weir Canyon Road Pavement Rehab (Serrano to Parkglen)	1,375
Euclid Street Pavement Rehab (Glenoaks to 91 Freeway)	931,829
East Street Pavement Rehab (La Palma to 91 Freeway)	(130,188)
OCSD State College Pavement Rehab Project	117,011
Orangewood Pavement Rehab (Lakeview to Imperial)	5,906
La Palma Pavement Rehab (Lakeview to Imperial)	13,741
Euclid Pavement Rehab (Broadway to Lincoln)	895,890
East Street Pavement Rehab (Lakewood to Imperial)	34,219
Broadway Pavement Rehab (Anaheim to East)	61,285
Santa Ana Canyon Pavement Rehab	34,787
Weir Canyon Pavement Rehab (Serrano to Santa Ana Cyn)	742,078
Weir Canyon Pavement Rehab (Running Springs to South Limits)	1,234,759
South St Pavement Rehab (State College Blvd to Sunkist St)	31,296
Lincoln Pavement Rehab (Dale to Magnolia)	7,341
Ball Road Pavement Rehab (Claudina to State College)	5,144
Nohl Ranch, Imperial and Anaheim Hills Pavement Rehab	65,494
Brookhurst Pavement Rehab: 91 to North City Limits Fullerton	11,385
Cerritos Ave Pavement Rehab from Nutwood St to Euclid Street	77,198
Dupont Dr Pavement Rehab- South of Orangewood Avenue	13,255
Total Measure M2 Local Fair Share Expenditures	\$ 4,384,847
Total MOE and Measure M2 Local Fair Share Expenditures	\$ 19,442,628

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

Exhibit 1

March 12, 2024

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Anaheim as of and for the fiscal year ended June 30, 2023.

Procedure # 3

Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:

- a. Agree 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; and
- b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$6,196,339, which represented approximately 41% of direct MOE expenditures of \$14,964,712 for fiscal year ended June 30, 2023. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Upon inspection of our samples, we determined that there was one expenditure relating to parking structure rent, which totaled \$44,528 should have been reported as indirect costs. No other exceptions were found as a result of this procedure.

City's Response:

The City acknowledged that this charge should have been reported as indirect costs. This parking structure expense is an internal governmental service charge, which is a charge for the cost of employee parking in the City's parking structure. It is the same as the facility rent that we pay. The Public Works Department considered these expenses as a Traffic Systems general indirect cost. Based on the audit recommendation, the Public Works Department will report this type of expense as indirect costs.

Procedure # 4

Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We selected 25 indirect MOE costs for inspection totaling \$26,147, representing 28% of the total indirect MOE costs of \$93,069. These charges include payroll and benefits, monthly group insurance, and others. For indirect costs, the methodology used to allocate the actual costs to projects should be documented and represent a fair and reasonable allocation of costs. The City noted that all indirect expenditures were based on a written cost allocation plan developed in 2016. Through further inspection of the City's indirect cost allocation plan, Crowe determined the methodology was reasonable. However, the allocations was based upon an analysis of activities that took place over 8 years ago. No other exceptions were found as a result of this procedure.

City's Response:

In 2016, the Public Works Department requested an internal audit review to evaluate selected elements of the Maintenance of Effort (MOE) allocation basis. Based on that review, there were several changes implemented to the department's allocation. The memo dated May 4, 2016, outlines the recommended allocations from the internal audit review, which were subsequently implemented and have since remained in effect. Since then, there have been no operational or procedural changes within the department that would affect the MOE allocations. While there have not been any known material changes, the department intends to request an updated review of the MOE allocations by internal audit, updating current year allocations as needed. Additionally, the department commits to conducting this review every five years to ensure the maintenance of an appropriate MOE allocation basis.


Procedure # 8

Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$152,191 in indirect costs for LFS for the fiscal year ended June 30, 2023. We selected 25 Local Fair Share indirect costs for inspection totaling \$34,188, representing 22% of the total Local Fair Share indirect costs. Upon inspection, we determined these charges were labor costs directly identifiable as street and road project labor costs. As such, these costs should have been reported as direct costs. No other exceptions were found as a result of this procedure.

City's Response:

The Public Works Department reported the general accounting and finance expenses as indirect costs (Schedule 3, line 1). The expenses were direct labor costs charged to Local Fair Share. Based on the audit recommendation the Public Works Department will report the expenses as Other expenses (Schedule 3, line 17) in future M2 Expenditure Reports



Rudy Emami, Public Works Director



Deborah A. Moreno, Finance Director/Treasurer



Jim Vanderpool, City Manager
For

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
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Buena Park's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2023. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund and activity number. The City recorded its MOE expenditures in its General Fund (101) and expenditures are identified by various 6-digit activity numbers. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2023 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2022/2023. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2023, were \$5,142,741 (see Schedule A), which exceeded the MOE benchmark requirement of \$4,184,754. We agreed the total expenditures of \$5,142,741 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree 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; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$1,033,865, which represented approximately 29% of direct MOE expenditures of \$3,606,939 for fiscal year ended June 30, 2023. Crowe agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Crowe determined that the expenditures were properly classified as a local street and road expenditure and is allowable per the ordinance. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We agreed the total indirect expenditures of \$1,535,802 to the amount reported on the City's Expenditure Report (Schedule 3, line 1) with no differences. We selected 25 indirect MOE costs for inspection totaling \$613,744, representing 41% of the total indirect MOE costs of \$1,535,802. These expenses included payroll and benefits, monthly building and equipment maintenance allocation, office supplies, and others. For indirect costs, the methodology used to allocate the actual costs to projects should be documented and represent a fair and reasonable allocation of costs. Specifically for the payroll and benefits related expenditures, we requested the City to provide a documented methodology used to support the employee percentage allocations to the MOE accounts and they were unable to provide such documentation that adequately supports the allocation percentages. It was noted that the allocation percentages for each employee were based on a Public Works managerial assumption of the time spent on each account and was not based on historical or current data. As such, we lack information necessary to confirm these costs as fair and reasonable and the entirety of these allocated costs were removed from the MOE, except for the allocated salary of one Street Maintenance Superintendent, who worked exclusively on street and road related projects. The total costs removed were \$998,755. In addition, chargebacks to payroll-related expenditures totaling \$252,192 were removed from the MOE. After the above adjustments, the City's MOE expenditures totaled \$4,396,178, which exceed the City's MOE benchmark of \$4,184,754. No other exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2023 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$5,541,865 for the past three fiscal years ended June 30, 2021, 2022, and 2023. We agreed the fund balance of \$2,384,395 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences.

(Continued)

6. Describe which fund the Eligible Jurisdiction 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, 2023. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

Findings: The City tracks its LFS expenditures in its Measure M2 Fund (25). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2023 was \$2,055,113 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven Year CIP, without any exception. We selected 5 Measure M2 Local Fair Share direct expenditures for inspection totaling \$1,528,585 representing approximately 92% of total Measure M2 direct Local Fair Share expenditures of \$1,639,630 for the fiscal year ended June 30, 2023. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$415,484 in indirect costs for LFS for the fiscal year ended June 30, 2023. We selected 25 indirect costs for inspection with a total amount of \$243,581 representing 59% of the total LFS indirect costs. Upon inspection, we determined these charges were labor cost allocations. For indirect costs, the methodology used to allocate the actual costs to projects should be documented and represent a fair and reasonable allocation of costs. We requested the City to provide the documented methodology used to support the labor cost allocations and the City was unable to provide such documentation. It was noted that the allocation percentages for each employee were based on the Public Works managerial assumption of the time being spent on each account and was not based on historical or current data. As such, sufficient information was not available to confirm these costs as fair and reasonable, and the entirety of these allocations, except for the allocated salary of one Street Maintenance Superintendent that worked exclusively on street and road related projects, were not deemed allowable per the Ordinance. The total disallowed was \$387,576. No other exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$43,807 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY23) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were noted as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
April 9, 2024

CITY OF BUENA PARK, CALIFORNIA
 SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
 Year ended June 30, 2023
 (Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 1,535,802
Maintenance	
Street Lights & Traffic Signals	1,227,520
Other Street Purpose Maintenance	2,379,418
Total Maintenance	<u>\$ 3,606,938</u>
Total MOE Expenditures	<u>\$ 5,142,740</u>
 Measure M2 Local Fair Share Expenditures (Schedule 4):	
Malvern Avenue Rehabilitation	\$ 1,850,908
Orangethorpe Avenue Pavement Rehabilitation	150,144
Metrolink Improvements	<u>54,061</u>
Total Measure M2 Local Fair Share Expenditures	<u>\$ 2,055,113</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 7,197,853</u>

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

April 9, 2024

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Buena Park as of and for the fiscal year ended June 30, 2023.

Procedure #4

Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We agreed the total indirect expenditures of \$1,535,802 to the amount reported on the City's Expenditure Report (Schedule 3, line 1) with no differences. We selected 25 indirect MOE costs for inspection totaling \$613,744, representing 41% of the total indirect MOE costs of \$1,535,802. These expenses included payroll and benefits, monthly building and equipment maintenance allocation, office supplies, and others. For indirect costs, the methodology used to allocate the actual costs to projects should be documented and represent a fair and reasonable allocation of costs. Specifically for the payroll and benefits related expenditures, we requested the City to provide a documented methodology used to support the employee percentage allocations to the MOE accounts and they were unable to provide such documentation that adequately supports the allocation percentages. It was noted that the allocation percentages for each employee were based on a Public Works managerial assumption of the time spent on each account and was not based on historical or current data. As such, we lack information necessary to confirm these costs as fair and reasonable and the entirety of these allocated costs were removed from the MOE, except for the allocated salary of one Street Maintenance Superintendent, who worked exclusively on street and road related projects. The total costs removed were \$998,755. In addition, chargebacks to payroll-related expenditures totaling \$252,192 were removed from the MOE. After the above adjustments, the City's MOE expenditures totaled \$4,396,178, which exceed the City's MOE benchmark of \$4,184,754. No other exceptions were found as a result of this procedure.

City's Response:

See Procedure #8 response.

Procedure #8

Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$415,484 in indirect costs for LFS for the fiscal year ended June 30, 2023. We selected 25 indirect costs for inspection with a total amount of \$243,581 representing 59% of the total LFS indirect costs. Upon inspection, we determined these

charges were labor cost allocations. For indirect costs, the methodology used to allocate the actual costs to projects should be documented and represent a fair and reasonable allocation of costs. We requested the City to provide the documented methodology used to support the labor cost allocations and the City was unable to provide such documentation. It was noted that the allocation percentages for each employee were based on the Public Works managerial assumption of the time being spent on each account and was not based on historical or current data. As such, sufficient information was not available to confirm these costs as fair and reasonable, and the entirety of these allocations, except for the allocated salary of one Street Maintenance Superintendent that worked exclusively on street and road related projects, were not deemed allowable per the Ordinance. The total disallowed was \$387,576. No other exceptions were found as a result of this procedure.

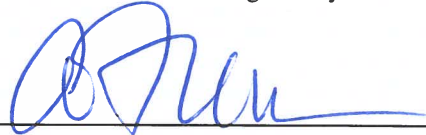
City's Response:

The City acknowledges and accepts that its current indirect cost methodology is no longer accepted by OCTA as a fair and equitable way to allocate costs and will implement corrective action to align with OCTA guidelines. The City maintains that its methodology for allocating labor costs was followed consistently for several years and had been previously audited by OCTA for the fiscal year ending June 30, 2018, with no finding related to its allocation plan. While the issue of overhead cost allocation was discussed at the M2 director's meetings, the City relied on past audits where the methodology was accepted, considering them as prior validation to continue employing the same approach under the assumption that it was acceptable and reasonable for OCTA.

Furthermore, the City believes that the allocated overhead costs could have alternatively been classified as direct labor costs according to the gas tax guidelines. Extensive sample documentation was provided to support that direct staff time was dedicated to readily identifiable street projects. While the auditors and OCTA staff acknowledged that work was performed by City staff, they expressed that they could not accept the supporting documentation citing challenges in quantifying the time worked.

The City holds the view that OCTA guidelines do not necessarily mandate time sheets as the exclusive means to substantiate and quantify labor costs. It contends that the extensive documentation provided, which consists of legal notices, inspection reports, contracts, contractor correspondence, construction documents, agenda reports, and other supportive materials, is reasonable and sufficient to demonstrate the considerable staff resources directly involved with specific street-related projects and the costs reported for these activities are fair and reasonable. The documentation provided, though not in the form of traditional timesheets, offers compelling evidence of the resources dedicated to fulfilling Measure M2 LFS objectives. Disallowing the entirety of these costs not only disregards the substantial efforts invested by City personnel but also implies an unreasonable scenario where no engineering and inspection staff time was allocated to street activities.

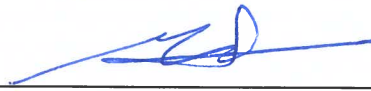
We acknowledge the need to revise our indirect cost methodology to align with OCTA standards and recognize the significance of ensuring fair and reasonable allocation of resources while fulfilling Measure M2 LFS objectives. As a part of this initiative, the City will begin using timecards to track direct costs and implement a cost allocation plan to track indirect costs associated with street projects. We are committed to working closely with OCTA to address concerns and implement necessary changes.



Aaron France, City Manager



Sung Hyun, Director of Finance



Mina Mikhael, Director of Public Works

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
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Costa Mesa's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2023. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, department, program, and expenditure number. The City recorded its MOE expenditures in its General Fund (101), Capital Improvement Fund (401), Equipment Replacement Fund (601), and is identified by a 5-digit department number, a 5-digit program number, and a 6-digit expenditure number. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2023 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2022/2023. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

(Continued)

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2023, were \$10,771,223 (see Schedule A), which exceeded the MOE benchmark requirement of \$8,607,340. We agreed the total expenditures of \$10,771,223 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree 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; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$2,929,492, which represented approximately 31% of direct MOE expenditures of \$9,311,331 for the fiscal year ended June 30, 2023. Crowe agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Crowe determined that the expenditures were properly classified as a local street and road expenditures and were allowable per the Ordinance. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2023. We agreed \$1,459,892 of indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 25 charges for inspection with a total amount of \$528,067 representing, 36% of the total MOE indirect costs. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. The indirect costs included labor charges for the Public Works department. Upon inspecting the supporting documentation for the samples selected, we determined that the indirect MOE costs were properly classified as indirect expenditures and based upon a reasonable and appropriate methodology. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2023 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$9,215,661 for the past three fiscal years ended June 30, 2021, 2022, and 2023. We agreed the fund balance of \$6,457,271 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction 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, 2023. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

(Continued)

Findings: The LFS expenditures were tracked in the City's general ledger by fund number, department number, and program number. The City recorded its LFS expenditures in its Measure M2 Fund (416). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2023, were \$1,323,633 (see Schedule A), which agreed to the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected 15 Measure M2 Local Fair Share direct expenditures for inspection totaling \$1,007,581 representing approximately 76% of total Measure M2 direct Local Fair Share expenditures of \$1,323,633 for the fiscal year ended June 30, 2023. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2023. No exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$53,052 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY23) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were found as a result of this procedure.

(Continued)

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
March 28, 2024

CITY OF COSTA MESA, CALIFORNIA
 SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
 Year ended June 30, 2023
 (Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 1,459,892
Construction & Right-of-Way	
Street Reconstruction	\$ 603,373
Signals, Safety Devices, & Street Lights	93,856
Pedestrian Ways & Bikepaths	629,199
Storm Drains	193,159
Total Construction	<u>\$ 1,519,587</u>
Maintenance	
Overlay & Sealing	\$ 679,382
Street Lights & Traffic Signals	2,347,369
Other Street Purpose Maintenance	4,764,993
Total Maintenance	<u>\$ 7,791,744</u>
Total MOE Expenditures	<u>\$ 10,771,223</u>
 Measure M2 Local Fair Share Expenditures (Schedule 4):	
Street Maintenance Citywide #400015	\$ 869,440
Bicycle/ Pedestrian Infra Improveent - #450015	71,108
Adams at Pinecreek Improveent (Intersection improve.) - #300174	47,626
Adams Ave Bicycle Facility Project (Class II Bike Lane) #450014	63,678
Neighborhood Traffic Improvement (Signs, approved speed humps) #300	85,019
Parkway Maintenance Program- Citywide -#500010	71,209
Citywide Traffic Signal Improvement #370058	64,175
West 19th St. Wallace Ave Traffic Signal #370059	51,378
Total Measure M2 Local Fair Share Expenditures	<u>\$ 1,323,633</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 12,094,856</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 ORANGE

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Orange's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2023. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, department, and object code. The City records its MOE expenditures in its General Fund (100), followed by various department codes and object codes. No exceptions were found as a result of this procedure. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2023 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2022/2023. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2023, were \$3,852,679 (see Schedule A) which exceeded the MOE benchmark requirement of \$3,392,885. We agreed the total expenditures of \$3,852,679 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), with no differences. No exceptions were noted as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree 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; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$781,753, which represented approximately 25% of direct MOE expenditures of \$3,069,840 for fiscal year ended June 30, 2023. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Expenditures were properly classified as local street and road expenditures and were allowable per the Ordinance, except for nine charges, totaling \$61,537 which were found to be indirect cost allocations and should have been reported as indirect costs. Upon further inspection, we identified a total of \$793,608 in charges that should have been reported as indirect costs. See Procedure #4 for indirect cost testing. No other exceptions were found as a result of this procedures.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We agreed total indirect expenditures of \$782,835 per the general ledger to the amount reported on the City's Expenditure Report (Schedule 3, line 1) with no differences. We selected 25 indirect MOE charges for inspection totaling \$582,141, representing 74% of the total indirect MOE costs reported of \$782,835. During testing of direct costs at Procedure #3, we identified an additional \$793,608 in indirect costs that were reported as direct costs. These expenses included allocations of payroll and benefits, debt service payments, liability insurance costs, data processing allocations, contracted services, monthly print shop/mail/phone charges, monthly office rental and various other charges. For indirect costs, the methodology used to allocate actual costs should be documented and represent a fair and reasonable allocation of costs. The City was unable to provide a documented methodology representing a fair and reasonable allocation of costs. After removing unsupported indirect cost allocations, totaling \$1,576,443, the City no longer meets the MOE benchmark. The shortfall equals \$1,116,649.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2023 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$10,549,834 for the past three fiscal years ended June 30, 2021, 2022, and 2023. We agreed the fund balance of \$5,285,100 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction 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, 2023. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

(Continued)

Findings: The City tracks its LFS expenditures in its Traffic Improvement Measure M2 Fund (263). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2023, was \$2,880,026 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven Year CIP, without any exception. We selected 20 Measure M2 Local Fair Share direct expenditures for inspection totaling \$1,928,551 representing approximately 78% of total Measure M2 direct Local Fair Share expenditures of \$2,479,629 for the fiscal year ended June 30, 2023. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$400,397 in indirect costs for LFS for the fiscal year ended June 30, 2023. We selected 25 indirect costs for inspection with a total amount of \$300,014 representing 75% of the total LFS indirect costs. Upon inspection, we determined these charges were labor costs and materials directly identifiable as street and road project labor costs. As such, these costs should have been reported as direct costs. No other exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$64,383 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY23) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were noted as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
March 28, 2024

CITY OF ORANGE, CALIFORNIA
 SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
 Year ended June 30, 2023
 (Unaudited)

SCHEDULE A

Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 782,835
Construction & Right-of-Way	
Street Reconstruction	\$ 326,104
Signals, Safety Devices, & Street Lights	734,808
Pedestrian Ways & Bikepaths	46,803
Storm Drains	23,401
Total Construction	<u>\$ 1,131,116</u>
Maintenance	
Patching	\$ 572,449
Overlay & Sealing	31,446
Street Lights & Traffic Signals	1,240,495
Storm Damage	31,446
Other Street Purpose Maintenance	62,892
Total Maintenance	<u>\$ 1,938,728</u>
Total MOE Expenditures	<u><u>\$ 3,852,679</u></u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
00000 - Contractual Services (Part of Maintenance)	\$ 400,397
13115 - Reg Salaries - Misc-Pvmnt Mgt	550
13120 Pavement Management Program	1,611,554
16302 - Minor Traffic Control Devices - Various	51,963
16304 Biennial Traffic Signal Coordination	5,870
16469 - Traffic Signal Equip Painting	9,800
30150 - Local Roadway Safety Plan (LRSP)	7,809
30162 Citywide Bus Stop Enhancements	1,864
30167 - Katella Ave Street Rehabilitation	785,928
30168 - Walnut Ave Infrastructure Improvement	4,291
Total Measure M2 Local Fair Share Expenditures	<u>\$ 2,880,026</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 6,732,705</u></u>



March 28, 2024

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Orange as of and for the fiscal year ended June 30, 2023.

Procedure #3

Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:

- a. Agree 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; and
- b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$781,753, which represented approximately 25% of direct MOE expenditures of \$3,069,840 for fiscal year ended June 30, 2023. Crowe agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Upon inspection of our samples, we determined that there were nine charges totaling \$61,537 that were allocated based on budgeted percentages. Upon further inspection, we noted that there were a total \$793,608 of direct costs that were based on these allocated budgeted percentages. As such, the entirety of these costs allocation reported as direct charges should have been reported as indirect costs. Refer to Procedure#4 for MOE indirect costs removed. No other exceptions were found as a result of this procedure.

City's Response:

City management acknowledges the findings and will implement procedures to ensure the reporting of M.O.E. expenditures and allocations are based on actuals and not budgeted percentages. City management will also implement procedures to ensure proper reporting of direct and indirect expenditures.



Procedure #4

Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We agreed total indirect expenditures of \$782,835 per the general ledger to the amount reported on the City's Expenditure Report (Schedule 3, line 1) with no differences. We selected 25 indirect MOE charges for inspection totaling \$582,141, representing 74% of the total indirect MOE costs reported of \$782,835. During testing of direct costs at Procedure #3, we identified an additional \$793,608 in indirect costs that were reported as direct costs. These expenses included allocations of payroll and benefits, debt service payments, liability insurance costs, data processing allocations, contracted services, monthly print shop/mail/phone charges, monthly office rental and various other charges. For indirect costs, the methodology used to allocate actual costs should be documented and represent a fair and reasonable allocation of costs. The City was unable to provide a documented methodology representing a fair and reasonable allocation of costs. After removing unsupported indirect cost allocations, totaling \$1,576,443, the City no longer meets the MOE benchmark. The shortfall equals \$1,116,649.

City's Response:

City management acknowledges the findings. The City has eligible expenditures of approximately \$1.5 million in the Capital Project Fund that were supported by the General Fund but were not reported as M.O.E. eligible expenditures, therefore the exclusion of the unsupported indirect cost allocations caused the City to not meet the M.O.E benchmark. Going forward, City management will ensure indirect costs are supported, documented, and used reasonable allocation methodology. City management will also implement procedures to ensure proper reporting of all eligible expenditures in the future.

Procedure #8

Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$400,397 in indirect costs for LFS for the fiscal year ended June 30, 2023. We selected 25 indirect costs for inspection with a total amount of \$300,014 representing 75% of the total LFS indirect costs. Upon inspection, we determined these charges were labor costs and materials directly identifiable as street and road project labor costs. As such, these costs should have been reported as direct costs. No other exceptions were found as a result of this procedure.



City of Orange

Finance Department
300 E. Chapman Ave.
Orange, CA 92866

City's Response:

City management acknowledges the findings and will implement procedures to ensure proper reporting of direct and indirect expenditures.

Tom Kisela, City Manager

for

Christopher Cash, Public Works Director

Trang Nguyen, Finance Director



(714) 744-2230



www.cityoforange.org

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
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Santa Ana's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2023. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, accounting unit number, and account number. The City recorded its MOE expenditures in its General Fund (011), followed by an 8-digit accounting unit number, and a 5-digit account number. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2023 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2022/2023. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2023, were \$14,667,250 (see Schedule A), which exceeded the MOE benchmark requirement of \$9,040,904. Actual MOE expenditures per the general ledger expenditure detail totaled \$15,035,321, a variance of \$368,071. The variance was due to an error in not reporting the full transaction amount of eligible MOE expenditures. No other exceptions were found as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree 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; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$4,809,685, which represented approximately 36% of direct MOE expenditures of \$13,382,349 for the fiscal year ended June 30, 2023. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2023. We agreed \$1,284,901 of indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 25 charges for inspection with a total amount of \$663,516 representing 52% of the total MOE indirect costs. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. The indirect costs included Benefits Overhead, Insurance Charges, and Public Works Administrative Charges. Upon inspecting the supporting documentation for the samples selected, we determined that the indirect MOE costs were properly classified as indirect expenditures and based upon a reasonable and appropriate methodology. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2023 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$17,247,698 for the past three fiscal years ended June 30, 2021, 2022, and 2023. We agreed the fund balance of \$14,831,604 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20) of \$14,831,335, noting a difference of \$269. The difference was due to the City not properly recording the interest in the prior year. We determined funds were expended within three years of receipt. No other exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction 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, 2023. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The City tracks its LFS expenditures in its Measure M2 Fund (032). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2023 were \$4,311,017 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed on Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected 14 Measure M2 Local Fair Share direct expenditures for inspection totaling \$3,173,277 representing approximately 93% of total direct Measure M2 Local Fair Share expenditures of \$3,412,496 for the fiscal year ended June 30, 2023. We agreed the dollar amount listed on the general ledger to supporting documentation and determined that the expenditures selected were related to projects listed on the Seven-Year CIP and were properly classified. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$898,521 in indirect costs for LFS for the fiscal year ended June 30, 2023. We selected 25 indirect costs for inspection with a total amount of \$483,501 representing 54% of the total indirect Local Fair Share costs. Upon inspection, we determined these charges were labor and material costs readily identified to specific LFS projects. As such, these costs should have been reported as direct costs. After further inspection, we determined that these LFS direct costs were allowable per the Ordinance. No other exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

(Continued)

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$16,818 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY23) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were noted as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
April 3, 2024

CITY OF SANTA ANA, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2023
(Unaudited)

SCHEDULE A

Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 1,284,902
Construction & Right-of-Way	
Street Reconstruction	\$ 2,131,371
Total Construction	<u>\$ 2,131,371</u>
Maintenance	
Street Lights & Traffic Signals	\$ 4,733,905
Other Street Purpose Maintenance	6,517,072
Total Maintenance	<u>\$ 11,250,977</u>
Total MOE Expenditures	<u>\$ 14,667,250</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Alley Improvements FY 18/19	\$ 6,980
Bike Lane Project Dev FY 22/23	1,628
Citywide Bike Rack & SARTC	(5,077)
Citywide Speed Limit Study	47,045
First ST CORR TRFF SYNCH	5,924
FY20/21 Loc St Prevent Maint	162,212
FY20/21 Pavement Management	29,949
FY21/22 Loc St Prevent Maint	2,217,075
FY21/22 Pavement Management	234,610
Lincoln Pedestrian Trail	1,980
Loc St Prevent Maint FY 22/23	93,939
Local St Prevent Maint FY17/18	15,554
Main St Rehab: Edingr to First	84,640
Main St Traffic Sig Synch	4,577
Pavement Management FY 22/23	101,780
Project Development FY 19/20	265
Project Development FY21/22	237,538
Right of Way Mgmnt FY 20/21	6,364
Right of Way Mgmnt FY 21/22	32,305
Right of Way Mgmnt FY 22/23	89,063
Safe Mobility SA Update	20,642
Santa Ana Blvd & 5th Bike Lane	333,398
Santa Clara Bk Ln Lincoln-Tust	214,684
Sgerstrom/Dyer TRFF SGL SYNC	9,082
Traffic Management Plan 20/21	40,212
Traffic Management Plan 21/22	22,119
Traffic Safety Dev FY 17/18	35,000
Traffic SGNL Equipment REP20/21	65,685
Traffic SGNL Equipment REP21/22	100,000
Traffic Sig Equip Rep 22/23	100,000
Tustin Ave Trff Sgl Sync	1,844
Total Measure M2 Local Fair Share Expenditures	<u>\$ 4,311,017</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 18,978,267</u>

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

MAYOR
Valerie Amezcua
MAYOR PRO TEM
Thai Viet Phan
COUNCILMEMBERS
Phil Bacerra
Johnathan Ryan Hernandez
Jessie Lopez
David Penalosa
Benjamin Vazquez



ACTING CITY MANAGER
Alvaro Nuñez
CITY ATTORNEY
Sonia R. Carvalho
CITY CLERK
Jennifer L. Hall

CITY OF SANTA ANA

PUBLIC WORKS AGENCY

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April 3, 2024

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
550 S. Main Street
Orange, CA 92868

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Santa Ana as of and for the fiscal year ended June 30, 2023.

Procedure #2

Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2023 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2022/2023. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2023, were \$14,667,250 (see Schedule A), which exceeded the MOE benchmark requirement of \$9,040,904. Actual MOE expenditures per the general ledger expenditure detail totaled \$15,035,321, a variance of \$368,071. The variance was due to an error in not reporting the full transaction amount of eligible MOE expenditures. No other exceptions were found as a result of this procedure.

City's Response: The City's Public Works Agency (PWA) will continue to review and monitor department procedures to ensure proper identification and tracking of Maintenance of Effort (MOE) expenditures.

SANTA ANA CITY COUNCIL

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Procedure #5

Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2023 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$17,247,698 for the past three fiscal years ended June 30, 2021, 2022, and 2023. We agreed the fund balance of \$14,831,604 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20) of \$14,831,335, noting a difference of \$269. The difference was due to the City not properly recording the interest in the prior year. We determined funds were expended within three years of receipt. No other exceptions were found as a result of this procedure.

City's Response: The variance is attributed to an error in inputting numbers on the M2 report. Going forward, the City will ensure the beginning balance is accurately derived from the prior year's report.

Procedure 8

Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$898,521 in indirect costs for LFS for the fiscal year ended June 30, 2023. We selected 25 indirect costs for inspection with a total amount of \$483,501 representing 54% of the total indirect Local Fair Share costs. Upon inspection, we determined these charges were labor and material costs readily identified to specific LFS projects. As such, these costs should have been reported as direct costs. After further inspection, we determined that these LFS direct costs were allowable per the Ordinance. No other exceptions were found as a result of this procedure.

City's Response: The City's Public Works Agency (PWA) will continue to verify and classify expenditures as indirect costs in accordance with Measure M2 Local Fair Share guidelines.

SANTA ANA CITY COUNCIL

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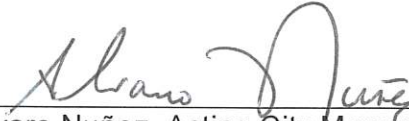
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Alvaro Nuñez, Acting City Manager



Kathryn Downs, Executive Director of Finance
and Management Services



Nabil Saba, P.E., Executive Director of Public
Works

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
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Stanton's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2023. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, subdivision, and account numbers. The City records its MOE expenditures in its General Fund (101) and in their Street Maintenance Division (3500) followed by various account numbers. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2023 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2022/2023. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2023, were \$308,256 (see Schedule A), which exceeded the MOE benchmark requirement of \$285,869. We agreed the total expenditures of \$308,256 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree 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; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$163,459, which represented approximately 53% of direct MOE expenditures of \$308,256 for fiscal year ended June 30, 2023. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2023. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2023 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$1,900,509 for the past three fiscal years ended June 30, 2021, 2022, and 2023. We agreed the fund balance of \$1,043,222 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction 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, 2023. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The City tracked its LFS expenditures in its Measure M2 Fund (220). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2023 were \$813,510 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:

(Continued)

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

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven Year CIP, without any exception. We selected six Measure M2 Local Fair Share direct expenditures for inspection totaling \$745,653 representing approximately 92% of total Measure M2 direct Local Fair Share expenditures of \$813,510 for the fiscal year ended June 30, 2023. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2023. No exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$14,037 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY23) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, professional style.

Crowe LLP

Costa Mesa, California
March 13, 2024

CITY OF STANTON, CALIFORNIA
 SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
 Year ended June 30, 2023
 (Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Maintenance	
Patching	60,000
Other Street Purpose Maintenance	<u>248,256</u>
Total Maintenance	<u>308,256</u>
Total MOE Expenditures	<u>\$ 308,256</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Fiscal Year 2021/22 Citywide Street Rehabilitation (2022-101)	\$ 737,370
Fiscal Year 2022/23 Citywide Street Rehabilitation (2023-101)	<u>76,140</u>
Total Measure M2 Local Fair Share Expenditures	<u>\$ 813,510</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 1,121,766</u>

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

SUMMARY OF AGREED-UPON PROCEDURES REPORTS
Orange County Local Transportation Authority
Measure M2 Senior Mobility Program for the Year Ended June 30, 2023

ATTACHMENT C

City	Result	City Management Response
City of Anaheim (Anaheim)	None	None
City of Fullerton (Fullerton)	One of four monthly reports tested were not submitted within 30 days of month end, as required.	Fullerton will ensure reports are submitted within 30 days of month-end, as required.
City of Laguna Beach (Laguna Beach)	Laguna Beach reported \$35,000 in Senior Mobility Program (SMP) expenditures on its expenditure report; according to Laguna Beach's general ledger, total SMP expenditures were \$34,992, a variance of \$8. Laguna Beach asserted that the variance related to rounding.	In the future, Laguna Beach will report amounts to the exact dollar.
	Laguna Beach reported an SMP fund balance of \$55,413 on its expenditure report; however, Laguna Beach's general ledger reflected a fund balance of \$55,421, a variance of \$8. Laguna Beach asserted that the variance related to rounding.	In the future, Laguna Beach will report amounts to the exact dollar.
	Laguna Beach did not allocate interest to the SMP program; instead, the city allocates interest to its Transit Fund as a whole.	Laguna Beach does not allocate interest income by object code, rather by fund, and the SMP object is within the Transit Fund. Laguna Beach will identify an appropriate methodology to allocate interest to the SMP program going forward.
City of Mission Viejo (Mission Viejo)	Mission Viejo reported SMP expenditures of \$99,054; however, actual expenditures totaled \$152,711.	Mission Viejo discovered there was an error in the worksheet calculating the Measure M2-funded portion and the matching portion, causing amounts in the monthly reports and year end report to be understated. Necessary corrections have been made Mission Viejo has reached out to the Orange County Transportation Authority (OCTA) to notify of the error and will be resubmitting revised monthly reports with correct amounts.
	Mission Viejo's total match expenditures amounted to \$26,829, which was only 18 percent of the total expenditures of \$152,711.	Mission Viejo acknowledged an error in the worksheet used to calculate total expenditures and track match expenditures. Mission Viejo reached out to OCTA to notify of the error and will be resubmitting revised monthly reports with correct amounts. The Internal Audit Department contacted Mission Viejo and confirmed that they are aware that the error resulted in the city not meeting match requirements. Per the SMP Guidelines, staff will be directed to withhold the additional two percent required match from a future payment.
	Mission Viejo's contract with Age Well for senior transportation services does not include language requiring that wheelchair accessible vehicles be made available and used as needed.	Age Well does utilize vans that accommodate wheelchair passengers. Mission Viejo will amend any new contracts to include this requirement.
	One of four monthly reports tested were not submitted within 30 days of month end, as required.	Mission Viejo acknowledged the exception and maintained that the report had been submitted; however, due to an error on the website the report needed to be resubmitted in March, 2023.
City of Newport Beach	None	None
City of Yorba Linda	None	None

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 SENIOR MOBILITY PROGRAM

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2023

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 SENIOR MOBILITY PROGRAM

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2023

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, 2023. Please refer to the individual divider tab for our report on each Agency.

Anaheim

Fullerton

Laguna Beach

Mission Viejo

Newport Beach

Yorba Linda

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
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Anaheim's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2023. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2023. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by fund, department codes, and object codes. The City recorded its Senior Mobility Program expenditures in its General Fund (101), department code (213), and object code (7837). The City reported \$109,591 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U), which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

(Continued)

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2023, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2023, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$1,052,471 for the past three years fiscal years ended June 30, 2021, 2022, and 2023. We compared the fund balance of \$1,213,266 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$1,213,266; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$447,050 during the fiscal year ended June 30, 2023, to the general ledger detail and to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U) without exception. No exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$51,834, which is calculated by the average daily cash balance of the fund and applying the City Treasurer's investment portfolio interest rates. The City reported \$51,834 of interest income for the year ended June 30, 2023, which agreed to the City's Expenditure Report (Schedule 2, line 8 for Project U). Additionally, we inquired of City personnel and inspected the City's general ledger detail regarding fare collection methodologies. Eligible participants of the Senior Mobility Program must purchase travel vouchers from the City prior to their trip. No exceptions were found as a result of this procedure.

5. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2023.

Findings: We received the City's general ledger detail of matching expenditures, scanned for the types and sources of matching funds and agreed to supporting documentation, such as invoices, to determine whether the match amounts were justifiable and acceptable under the Ordinance and Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. The total match expenditures amounted to \$28,776 which was approximately 21% of the total expenditures of \$138,367 (M2 funded portion of \$109,591 and City's matching portion of \$28,776) which agreed to the City's general ledger detail of the M2 total expenditures. No exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine whether the expenditures selected in (a) above are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

(Continued)

Findings: We selected nine Measure M2 Senior Mobility Program expenditures for inspection totaling \$85,772 representing approximately 78% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2023. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were used exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/ Disabled Program Funding Policy Guidelines and the Cooperative Agreement. No exceptions were found as a result of this procedure.

7. Inquire as to the procedures used by the Eligible Jurisdictions to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired with management as to the procedures used to ensure services are provided only to eligible participants. Any person who wants to join the Senior Transportation Program must fill out an application and provide a form of state ID. The City then verifies that the applicant is a resident of the City of Anaheim and are 60 years of age or older in accordance with the Senior/Disabled Program Funding Policy Guidelines and the Cooperative Agreement. The City also maintains a copy of each application and the forms of verification on file. No exceptions were found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines.

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 in administrative costs. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no administrative costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2023. No exceptions were found as a result of this procedure.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. Determine whether Contractor was selected using a competitive procurement process.
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on inquiry of City personnel, the City contracted with Parking Company of America, LLC (PCAM LLC) to provide senior transportation services under the Senior Mobility Program. From inspecting the PCAM LLC procurement document, we found that the contractor was selected using a competitive procurement process. In addition, per inspection of the original contract, we found the language requiring that wheelchair accessible vehicles be made available and used as needed was included, as required. No exceptions were found as a result of this procedure.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.

Findings: We obtained and inspected the insurance coverage for the contractor, and determined that the requirements established in the Cooperative Agreement were met. No exceptions were found as a result of this procedure.

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.

Findings: We sampled four monthly summary reports (November 2022, December 2022, February 2023, and June 2023). Through inspection, we determined all four reports were timely submitted within 30 days of the following month end. OCLTA staff confirmed that reports were received on the following dates. No exceptions were found as a result of this procedure.

(Continued)

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2022	December 31, 2022	December 29, 2022	-
December 2022	January 31, 2023	January 30, 2023	-
February 2023	March 31, 2023	March 28, 2023	-
June 2023	July 31, 2023	July 28, 2023	-

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
March 12, 2024

CITY OF ANAHEIM, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2023
(Unaudited)

SCHEDULE A

Measure M2 Senior Mobility Program Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Other Senior Mobility Project U	<u>109,591</u>
Total Measure M2 Senior Mobility Program Expenditures	<u><u>\$ 109,591</u></u>

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

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
CITY OF FULLERTON

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Fullerton's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2023. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2023. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by account number. The City recorded its expenditures in the Parks and Recreation Fund (15) and the Measure M2 Fund (25), the Senior Programs Sub-program fund (516), followed by various 4-digit object codes. The City reported \$123,899 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U), which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

(Continued)

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2023, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2023, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$507,301 for the past three fiscal years ended June 30, 2021, 2022, and 2023. We compared the fund balance of \$361,506 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 21) of \$361,506; no differences were identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$189,746 during the fiscal year ended June 30, 2023, to the general ledger detail and to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U). No exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$123, which is calculated by taking the average monthly cash balance for the Senior Mobility Program and applying the average pooled money investment account allocation rates. The City allocated \$123 of interest income for the year ended June 30, 2023 which agreed to the amount reported on the City's Expenditure Report (Schedule 2, line 8 for Project U). Additionally, we inquired with City personnel and inspected the City's general ledger detail regarding fare collection methodologies. Eligible participants of the Senior Mobility Program will pay \$3 for trips in Fullerton and \$7 to locations outside the City. No exceptions were found as a result of this procedure.

5. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2023.

Findings: We received the City's general ledger detail of matching expenditures, scanned for the types and sources of matching funds and agreed to supporting documentation, such as invoices, to determine whether the match amounts were justifiable and acceptable under the Ordinance and Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. The total match expenditures amounted to \$232,517 which was approximately 65% of the total expenditures of \$356,416 (M2 funded portion of \$123,899 and City's matching portion of \$232,517) which agreed to the City's general ledger detail of the M2 total expenditures. No exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine whether the expenditures selected in (a) above are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

(Continued)

Findings: We selected 16 Measure M2 Senior Mobility Program expenditures for inspection totaling \$93,820 representing approximately 76% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended on June 30, 2023. We agreed the dollar amount to supporting documentation and determined that the expenditures were used exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/ Disabled Program Funding Policy Guidelines and the Cooperative Agreement. No exceptions were found as a result of this procedure.

7. Inquire as to the procedures used by the Eligible Jurisdictions to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired with management as to the procedures used to ensure services are provided only to eligible participants. Any person who wants to join the Senior Transportation Program must fill out an application and provide a form of state ID. The City then verifies that the applicant is a resident of the City of Fullerton and are 60 years of age or older in accordance with the Senior/Disabled Program Funding Policy Guidelines and the Cooperative Agreement. The City also maintains a copy of each application and the forms of verification on file. No exceptions were found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines.

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 in administrative costs. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no administrative costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2023. No exceptions were found as a result of this procedure.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. Determine whether Contractor was selected using a competitive procurement process.
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on inquiry of City personnel, the City contracted with Cabco Yellow, Inc. to provide senior transportation services under the Senior Mobility Program. From inspecting the Cabco Yellow Inc's procurement document, we found that the contractor was selected using a competitive procurement process. In addition, per inspection of the original contract, we found the language requiring that wheelchair accessible vehicles be made available and used as needed was included, as required. No exceptions were found as a result of this procedure.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.

Findings: We obtained and inspected the insurance coverage for the contractor and determined that the requirements established in the Cooperative Agreement were met. No exceptions were found as a result of this procedure.

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.

(Continued)

Findings: We sampled four monthly summary reports (November 2022, December 2022, February 2023, and June 2023). Orange County Local Transportation Authority (OCLTA) staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2022	December 31, 2022	January 4, 2023	4
December 2022	January 31, 2023	January 31, 2023	-
February 2023	March 31, 2023	March 27, 2023	-
June 2023	July 31, 2023	July 28, 2023	-

Through inspection, we determined that one of the four reports were not submitted within 30 days of month end to OCLTA. No other exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
March 18, 2024

CITY OF FULLERTON, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2023
(Unaudited)

SCHEDULE A

Measure M2 Senior Mobility Program Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Other Senior Mobility Project U	<u>123,899</u>
Total Measure M2 Senior Mobility Program Expenditures	<u>\$ 123,899</u>

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



CITY OF FULLERTON

Administrative Services Department

March 18, 2024

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility program for the City of Fullerton as of and for the fiscal year ended June 30, 2023.

Procedure # 11

Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.

Findings: We sampled four monthly summary reports (November 2022, December 2022, February 2023, and June 2023). Orange County Local Transportation Authority (OCLTA) staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2022	December 31, 2022	January 4, 2023	4
December 2022	January 31, 2023	January 31, 2023	-
February 2023	March 31, 2023	March 27, 2023	-
June 2023	July 31, 2023	July 28, 2023	-

Through inspection, we determined that one of the four reports were not submitted within 30 days of month end to OCTA. No other exceptions were found as a result of this procedure.

City's Response:

The City will ensure that operations reports are submitted within 30 days.


Eric J. Levitt, City Manager


Daisy Perez, Deputy City Manager


Ellis Chang, Director of Administrative Services

THE EDUCATION COMMUNITY

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
CITY OF LAGUNA BEACH

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Laguna Beach's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2023. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2023. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by fund, department codes, and object code. The City recorded its Senior Mobility Program expenditures in its Transit Fund (310), under Public Works department code (30), and various division and object codes. The City reported \$35,000 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U). The total SMP expenditures per the City's general ledger was \$34,992 which caused a variance of \$8. No other exceptions were found as a result of this procedure.

(Continued)

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2023, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2023, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$146,694 for the past three years fiscal years ended June 30, 2021, 2022, and 2023. We compared the fund balance of \$55,421 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$55,413 noting a difference of \$8. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$54,868 during the fiscal year ended June 30, 2023, to the general ledger detail and to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U) without exception. No other exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: We obtained and inspected the City's interest allocation methodology. We identified that interest was not allocated to the SMP program in accordance with the City's interest allocation practice. We noted that the City only allocated interest to the Transit fund as a whole and that no interest had been recorded directly for the SMP fund balance. As a result, the City reported \$0 of interest income for the year ended June 30, 2023 which agreed to the City's Expenditure Report (Schedule 2, line 8 for Project U). We inquired of City personnel and inspected the City's general ledger detail regarding fare collection methodologies. The City did not charge fares for senior transportation services during the year. No other exceptions were found as a result of this procedure.

5. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2023.

Findings: We received the City's general ledger detail of matching expenditures, scanned for the types and sources of matching funds and agreed to supporting documentation, such as invoices, to determine whether the match amounts were justifiable and acceptable under the Ordinance and Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. The total match expenditures amounted to \$105,931 which was approximately 75% of the total expenditures of \$140,923 (M2 funded portion of \$34,992 and City's matching portion of \$105,931) which agreed to the City's general ledger detail of the M2 total expenditures. No exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine whether the expenditures selected in (a) above are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

(Continued)

Findings: We selected four Measure M2 Senior Mobility Program expenditures for inspection totaling \$34,922 representing almost 100% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2023. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were used exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/ Disabled Program Funding Policy Guidelines and the Cooperative Agreement. No exceptions were found as a result of this procedure.

7. Inquire as to the procedures used by the Eligible Jurisdictions to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired with management as to the procedures used to ensure services are provided only to eligible participants. Any person who wants to join the Senior Transportation Program must fill out an application and provide a form of state ID. The City then verifies that the applicant is a resident of the City of Laguna Beach and are 60 years of age or older in accordance with the Senior/Disabled Program Funding Policy Guidelines and the Cooperative Agreement. The City also maintains a copy of each application and the forms of verification on file. No exceptions were found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines.

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 in administrative costs. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no administrative costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2023. No exceptions were found as a result of this procedure.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. Determine whether Contractor was selected using a competitive procurement process.
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on discussion with City personnel, the City contracted with Sally's Fund to provide senior transportation services under the Senior Mobility Program. From inspecting the Sally's Fund procurement document, we found that the contractor was selected using a competitive procurement process. In addition, per inspection of the original contract, we found the language requiring that wheelchair accessible vehicles be made available and used as needed was included, as required. No exceptions were found as a result of this procedure.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.

Findings: We obtained and inspected the insurance coverage for the contractor and determined that the requirements established in the Cooperative Agreement were met. No exceptions were found as a result of this procedure.

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.

(Continued)

Findings: We sampled four monthly summary reports (November 2022, December 2022, February 2023, and June 2023). Through inspection, we determined all four reports were timely submitted within 30 days of the following month end. OCLTA staff confirmed that reports were received on the following dates. No exceptions were found as a result of this procedure.

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2022	December 31, 2022	December 22, 2022	-
December 2022	January 31, 2023	January 31, 2023	-
February 2023	March 31, 2023	March 23, 2023	-
June 2023	July 31, 2023	July 19, 2023	-

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
March 28, 2024

CITY OF LAGUNA BEACH, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2023
(Unaudited)

SCHEDULE A

Measure M2 Senior Mobility Program Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Other Senior Mobility Project U	<u>34,992</u>
Total Measure M2 Senior Mobility Program Expenditures	<u><u>\$ 34,992</u></u>

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



March 28, 2024

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility program for the City of Laguna Beach as of and for the fiscal year ended June 30, 2023.

Procedure #2

Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2023. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by fund, department codes, and object code. The City recorded its Senior Mobility Program expenditures in its Transit Fund (310), under Public Works department code (30), and various division and object codes. The City reported \$35,000 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U). The total SMP expenditures per the City's general ledger was \$34,992 which caused a variance of \$8. No other exceptions were found as a result of this procedure.

City's Response: The City will report amounts up to the exact dollar for future reporting requirements.

Procedure# 3

Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2023, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2023, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$146,694 for the past three years fiscal years ended June 30, 2021, 2022, and 2023. We compared the fund balance of \$55,421 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$55,413 noting a difference of \$8. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$54,868 during the fiscal year ended June 30, 2023, to the general ledger detail and to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U) without exception. No other exceptions were identified as a result of this procedure.

City's Response: The City will report amounts up to the exact dollar for future reporting requirements.

Procedure #4

Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: We obtained and inspected the City's interest allocation methodology that interest was not allocated to the SMP program in accordance with the City's interest allocation practice. We noted that the City only allocated interest to the Transit fund as a whole and that no interest had been recorded directly for the SMP fund balance. As a result, the City reported \$0 of interest income for the year ended June 30, 2023 which agreed to the City's Expenditure Report (Schedule 2, line 8 for Project U). We inquired of City personnel and inspected the City's general ledger detail regarding fare collection methodologies. The City did not charge fares for senior transportation services during the year. No other exceptions were found as a result of this procedure.

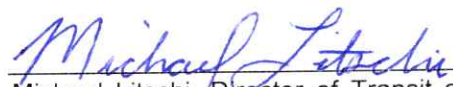
City's Response: The City currently does not allocate interest income by object, rather by fund. The SMP program is an object within the Transit Fund, and therefore interest income is not allocated or reported specifically on the M2 report for the SMP object since it was not reported in the past. The City will identify an appropriate methodology to allocate interest to the SMP program going forward.



Gavin Curran, Acting City Manager



Julie Nemes, Director of Finance & Technology



Michael Litschi, Director of Transit and Community Services

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
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Mission Viejo's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2023. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2023. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by account number. The City recorded its expenditures in the Senior Mobility Grant Fund (278), followed by a 3-digit program code, and a 4-digit account number. The City reported \$99,054 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) for fiscal year 2023. However, after further inspection, we noted that this amount included the M2 funded portion and the City's matching portion. The actual total SMP expenditures per the general ledger detail was \$152,711 (M2 funded portion of \$125,882 and the City's matching portion of \$26,829). No other exceptions were found as a result of this procedure.

(Continued)

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2023, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2023, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$451,710 for the past three fiscal years ended June 30, 2021, 2022, and 2023. We compared the fund balance of \$612,715 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$612,715; no differences were identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$168,953 during the fiscal year ended June 30, 2023, to the general ledger detail and to the amount listed of \$168,953, as received on the City's Expenditure Report (Schedule 2, line 8 for Project U). No exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$10,538, which is calculated by taking the monthly fund balance for the Senior Mobility Program and applying the pooled money investment account allocation percentages. The City reported \$10,538 of interest income for the year ended June 30, 2023 which agreed to the City's Expenditure Report (Schedule 2, line 8 for Project U). The City did not charge fares for senior transportation services to the City's senior center. However, they charged \$20 for trips to/from John Wayne and \$5 for all other one-way trips. We deemed that the fare collection methodology was adequate to ensure the program revenue was credited to the Measure M2 Senior Mobility Program Fund. No exceptions were found as a result of this procedure.

5. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2023.

Findings: We received the City's general ledger detail of matching expenditures, scanned for the types and sources of matching, and agreed to supporting documentation, such as invoices, to determine whether the match amounts were justifiable and acceptable under the Ordinance and Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. The total match expenditures amounted to \$26,829 which was approximately 18% of the total expenditures of \$152,711 (M2 funded portion of \$125,882 and City's matching portion of \$26,829) which agreed to the City's general ledger detail of the M2 total expenditures. However, we noted that the City's contribution was below the 20% matching rule. No other exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine whether the expenditures selected in (a) above are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

(Continued)

Findings: We selected 24 Measure M2 Senior Mobility Program expenditures for inspection totaling \$74,130 representing approximately 59% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2023. We agreed the dollar amount listed on the general ledger to supporting documentation and determined that the expenditures selected were used exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the Cooperative Agreement. No exceptions were found as a result of this procedure.

7. Inquire as to the procedures used by the Eligible Jurisdictions to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired with management as to the procedures used to ensure services are provided only to eligible participants. Any person who wants to join the Senior Transportation Program must fill out an application and provide their birth date and address. The City then verifies that the applicant is a resident of Mission Viejo, and 60 years of age or older in accordance with the Senior/Disabled Program Funding Policy Guidelines and the Cooperative Agreement. Approved applicants are then required to attend an in-person appointment to review the program's usage, during which their age and residency are verified again using documents like a driver's license, passport, or water bill. Every two years, active participants are contacted to confirm their continued residency in Mission Viejo and their interest in remaining in the program. A unique ID number is printed on the participant's photo ID card which must be provided when booking a ride with California Yellow Cab. No exceptions were found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines.

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 in administrative costs. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, \$7,809 of administrative costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2023, which does not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. No exceptions were found as a result of this procedure.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. Determine whether Contractor was selected using a competitive procurement process.
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on interview with City personnel, the City contracted with CABCO Yellow, Inc. in July 2021, and Age Well Senior Services, Inc. in November 2021, to provide senior transportation services under the Senior Mobility Program. From inspection of the procurement supporting documentation, we concluded that both service providers were selected using a competitive procurement process. and that the City has continued to extend its existing contracts. Per inspection of the original contract for CABCO Yellow Inc. we found language requiring that wheelchair accessible vehicles be made available and used as needed. However, from inspection of the Age Well contracts, we were unable to find the language requiring that wheelchair accessible vehicles be made available and used as needed. No other exceptions were found as a result of this procedure.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.

(Continued)

Findings: We obtained and inspected the insurance coverage for the contractor and determined that the requirements established in the Cooperative Agreement were met. No exceptions were found as a result of this procedure.

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.

Findings: We sampled four monthly summary reports (November 2022, December 2022, February 2023, and June 2023). Orange County Local Transportation Authority (OCLTA) staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2022	December 31, 2022	March 9, 2023	68
December 2022	January 31, 2023	January 11, 2023	-
February 2023	March 31, 2023	March 8, 2023	-
June 2023	July 31, 2023	July 11, 2023	-

Through inspection, we determined one out of four reports were not submitted within 30 days of month end to OCLTA. No other exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
April 3, 2024

CITY OF MISSION VIEJO, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2023
(Unaudited)

SCHEDULE A

Measure M2 Senior Mobility Program Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Other Senior Mobility Project U	<u>125,882</u>
Total Measure M2 Senior Mobility Program Expenditures	<u><u>\$ 125,882</u></u>

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

Trish Kelley
Mayor

Bob Ruesch
Mayor Pro Tem

Wendy Bucknum
Council Member

Brian Goodell
Council Member

Cynthia Vasquez
Council Member

April 3, 2024

EXHIBIT 1

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility program for the City of Mission Viejo as of and for the fiscal year ended June 30, 2023.

Procedure #2

Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2023. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by account number. The City recorded its expenditures in the Senior Mobility Grant Fund (278), followed by a 3-digit program code, and a 4-digit account number. The City reported \$99,054 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) for fiscal year 2023. However, after further inspection, we noted that this amount included the M2 funded portion and the City's matching portion. The actual total SMP expenditures per the general ledger detail was \$152,711 (M2 funded portion of \$125,882 and the City's matching portion of \$26,829). No other exceptions were found as a result of this procedure.

City's Response:

Exception noted. The City discovered there was an error on the worksheet calculating the M2 funded portion and the City matching portion causing the number reported on the monthly reports and at YE to be understated. The necessary corrections to the worksheet have been made and the City reached out to OCTA notifying them of the error. The City will be resubmitting the revised monthly reports to OCTA for FY22/23 with the correct amounts.



City of Mission Viejo

Administrative Services Department

Trish Kelley
Mayor

Bob Ruesch
Mayor Pro Tem

Wendy Bucknum
Council Member

Brian Goodell
Council Member

Cynthia Vasquez
Council Member

Procedure #5

Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2023.

Findings: We received the City's general ledger detail of matching expenditures, scanned for the types and sources of matching, and agreed to supporting documentation, such as invoices, to determine whether the match amounts were justifiable and acceptable under the Ordinance and Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. The total match expenditures amounted to \$26,829 which was approximately 18% of the total expenditures of \$152,711 (M2 funded portion of \$125,882 and City's matching portion of \$26,829) which agreed to the City's general ledger detail of the M2 total expenditures. However, we noted that the City's contribution was below the 20% matching rule. No other exceptions were found as a result of this procedure.

City's Response:

Exception noted. The City discovered there was an error on the worksheet calculating the M2 funded portion and the City matching portion causing the number reported on the monthly reports and at YE to be understated. This error caused the matching contributions to be less than the 20% required. The necessary corrections to the worksheet have been made and the City reached out to OCTA notifying them of the error. The City will be resubmitting the revised monthly report to OCTA for FY22/23 with the correct amounts.

Procedure #9

Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:

- a. Determine whether Contractor was selected using a competitive procurement process.
- b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on interview with City personnel, the City contracted with CABCO Yellow, Inc. in July 2021, and Age Well Senior Services, Inc. in November 2021, to provide senior transportation services under the Senior Mobility Program. From inspection of the procurement supporting documentation, we concluded that both service providers were selected using a competitive



City of Mission Viejo

Administrative Services Department

Trish Kelley
Mayor

Bob Ruesch
Mayor Pro Tem

Wendy Bucknum
Council Member

Brian Goodell
Council Member

Cynthia Vasquez
Council Member

procurement process. and that the City has continued to extend its existing contracts. Per inspection of the original contract for CABCO Yellow Inc. we found language requiring that wheelchair accessible vehicles be made available and used as needed. However, from inspection of the Age Well contracts, we were unable to find the language requiring that wheelchair accessible vehicles be made available and used as needed. No other exceptions were found as a result of this procedure.

City's Response:

Age Well currently uses vans that accommodate wheelchair passengers. The City will amend any new contracts to include the following wording: wheel chair accessible vehicles to be made available and used as needed.

Procedure #11

Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.

Findings: We sampled four monthly summary reports (November 2022, December 2022, February 2023, and June 2023). Orange County Local Transportation Authority (OCLTA) staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2022	December 31, 2022	March 9, 2023	68
December 2022	January 31, 2023	January 11, 2023	-
February 2023	March 31, 2023	March 8, 2023	-
June 2023	July 31, 2023	July 11, 2023	-

Through inspection, we determined one out of four reports were not submitted within 30 days of month end to OCLTA. No other exceptions were found as a result of this procedure.

City's Response:

Exception noted. Per Community Services, the November 2022 report was submitted on time but due to an error on OCTA's website the City had to resubmit the report in March of 2023. Email documentation to support this claim was not saved. Going forward the City will be saving all of the emails and/or correspondence of submissions on a share folder for future reference.



City of Mission Viejo

Administrative Services Department

Trish Kelley
Mayor

Bob Ruesch
Mayor Pro Tem

Wendy Bucknum
Council Member

Brian Goodell
Council Member

Cynthia Vasquez
Council Member

DocuSigned by:

Dennis Wilberg

Dennis Wilberg, City Manager

DocuSigned by:

Cheryl Dyas

Cheryl Dyas, Director of Administrative Services

DocuSigned by:

Mark Nix

Mark Nix, Director of Recreation & Community Services

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
CITY OF NEWPORT BEACH

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Newport Beach's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2023. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2023. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

(Continued)

Findings: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by account number. The City recorded its expenditures in the General Fund (010), under the Oasis Transportation organizational code (0107033), followed by various 6-digit account numbers. The City reported \$192,278 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U), which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2023, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2023, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$514,071 for the past three years fiscal years ended June 30, 2021, 2022, and 2023. We compared the fund balance of \$0 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$0; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$192,278 during the fiscal year ended June 30, 2023, to the general ledger detail and to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U) without exception. No exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$1,562, which was calculated based on the percentage of pooled cash held in each fund monthly. The interest percentage is then applied to the monthly cash balance of the Senior Mobility Program (SMP). We recalculated each month's interest rate, which was then applied to the SMP cash balance. The City allocated \$1,562 of interest income for the year ended June 30, 2023, which agreed to the amount reported on the City's Expenditure Report (Schedule 2, line 8 for Project U). Additionally, we inquired of City personnel and inspected the City's general ledger detail regarding fare collection methodologies. The City did not charge fares for senior transportation services during the year. No exceptions were found as a result of this procedure.

5. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2023.

Findings: We received the City's general ledger detail of matching expenditures, scanned for the types and sources of matching funds and agreed to supporting documentation, such as invoices, to determine whether the match amounts were justifiable and acceptable under the Ordinance and Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. The total match expenditures amounted to \$669,735 which was approximately 78% of the total expenditures of \$862,013 (M2 funded portion of \$192,278 and City's matching portion of \$669,735) which agreed to the City's general ledger detail of the M2 total expenditures. No exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:

(Continued)

- a. Agree 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; and
- b. Determine whether the expenditures selected in (a) above are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We selected 14 Measure M2 Senior Mobility Program expenditures for inspection totaling \$187,989 representing approximately 98% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2023. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were used exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/ Disabled Program Funding Policy Guidelines and the Cooperative Agreement. No exceptions were found as a result of this procedure.

7. Inquire as to the procedures used by the Eligible Jurisdictions to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired with management as to the procedures used to ensure services are provided only to eligible participants. Any person who wants to join the Senior Transportation Program must fill out an application and provide a form of state ID. The City then verifies that the applicant is a resident of the City of Newport Beach and are 60 years of age or older in accordance with the Senior/Disabled Program Funding Policy Guidelines and the Cooperative Agreement. The City also maintains a copy of each application and the forms of verification on file. No exceptions were found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines.

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 in administrative costs. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no administrative costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2023. No exceptions were found as a result of this procedure.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. Determine whether Contractor was selected using a competitive procurement process.
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on our inspection of the general ledger expenditure detail and through discussion with City personnel, the City did not contract with a third-party service provider for senior transportation service. No exceptions were noted as a result of our procedures.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.

Findings: We obtained and inspected the insurance coverage for the City of Newport Beach. We noted that the City used in-house staff to provide services for the Senior Mobility Program and determined that the requirements established in the Cooperative Agreement were met. No exceptions were found as a result of this procedure.

(Continued)

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.

Findings: We sampled four monthly summary reports (November 2022, December 2022, February 2023, and June 2023). Through inspection, we determined all four reports were timely submitted within 30 days of the following month end. OCLTA staff confirmed that reports were received on the following dates.

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2022	December 31, 2022	December 19, 2022	-
December 2022	January 31, 2023	January 26, 2023	-
February 2023	March 31, 2023	March 17, 2023	-
June 2023	July 31, 2023	July 21, 2023	-

No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City’s management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.

Crowe LLP

Costa Mesa, California
March 18, 2024

CITY OF NEWPORT BEACH, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2023
(Unaudited)

SCHEDULE A

Measure M2 Senior Mobility Program Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Other Senior Mobility Project U	<u>192,278</u>
Total Measure M2 Senior Mobility Program Expenditures	<u><u>\$ 192,278</u></u>

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

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
CITY OF YORBA LINDA

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Yorba Linda's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2023. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2023. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by account number. The City recorded its expenditures in the General Fund (101), followed by a 7-digit organizational code, and a 6-digit object code. The City reported \$123,061 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U), which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

(Continued)

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2023, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2023, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$277,348 for the past three fiscal years ended June 30, 2021, 2022, and 2023. We compared the fund balance of \$125,275 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$125,275; no differences were identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$103,737 during the fiscal year ended June 30, 2023, to the general ledger detail and to the amount listed of \$103,737, as received on the City's Expenditure Report (Schedule 2, line 8 for Project U). No exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$2,889, which is calculated by taking the monthly fund balance for the Senior Mobility Program and applying the pooled money investment account allocation percentages. The City reported \$2,889 of interest income for the year ended June 30, 2023 which agreed to the City's Expenditure Report (Schedule 2, line 8 for Project U). Additionally, we inquired of City personnel and inspected the City's general ledger detail regarding fare collections methodologies. The City charged \$1.00 for each one-way trip which was directly given to the driver by the participant. The total fares were then deducted from the total trip cost and counted towards the City's contribution. No exceptions were found as a result of this procedure.

5. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2023.

Findings: We received the City's general ledger detail of matching expenditures, scanned for the types and sources of matching funds and agreed to supporting documentation, such as invoices, to determine whether the match amounts were justifiable and acceptable under the Ordinance and Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. The total match expenditures amounted to \$32,231 which was approximately 21% of the total expenditures of \$155,292 (M2 funded portion of \$123,061 and City's matching portion of \$32,231) which agrees to the City's general ledger detail of the M2 total expenditures. No exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree 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; and
 - b. Determine whether the expenditures selected in (a) above are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

(Continued)

Findings: We selected six Measure M2 Senior Mobility Program expenditures for inspection totaling \$95,763 representing approximately 78% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2023. Crowe agreed the dollar amount listed on the general ledger to invoices provided by the City and determined that the expenditures selected were used exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the Cooperative Agreement. No exceptions were found as a result of this procedure.

7. Inquire as to the procedures used by the Eligible Jurisdictions to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired with management as to the procedures used to ensure services are provided only to eligible participants. Any person who wants to join the Senior Transportation Program must fill out an application and provide a form of state ID. The City then verifies that the applicant is a resident of the City of Yorba Linda and are 60 years of age or older in accordance with the Senior/Disabled Program Funding Policy Guidelines and the Cooperative Agreement. The City also maintains a copy of each application and the forms of verification on file. No exceptions were found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines.

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 in administrative costs. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no administrative costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2023. No exceptions were found as a result of this procedure.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. Determine whether Contractor was selected using a competitive procurement process.
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on inquiry of City personnel, the City contracted with CABCO Yellow, Inc. to provide senior transportation services under the Senior Mobility Program. From inspecting the CABCO Yellow, Inc. procurement document, we found that the contractor was selected using a competitive procurement process. In addition, per inspection of the original contract, we found the language requiring that wheelchair accessible vehicles be made available and used as needed was included, as required. No exceptions were found as a result of this procedure.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.

Findings: We obtained and inspected the insurance coverage for the contractor, and determined that the requirements established in the Cooperative Agreement were met. No exceptions were found as a result of this procedure.

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.

(Continued)

Findings: We sampled four monthly summary reports (November 2022, December 2022, February 2023, and June 2023). OCLTA staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2022	December 31, 2022	December 15, 2022	-
December 2022	January 31, 2023	January 18, 2023	-
February 2023	March 31, 2023	March 8, 2023	-
June 2023	July 31, 2023	July 13, 2023	-

Through inspection, we determined that all four reports were submitted within 30 days of the following month end. No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
March 20, 2024

CITY OF YORBA LINDA, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2023
(Unaudited)

SCHEDULE A

Measure M2 Senior Mobility Program Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Other Senior Mobility Project U	<u>123,061</u>
Total Measure M2 Senior Mobility Program Expenditures	<u>\$ 123,061</u>

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