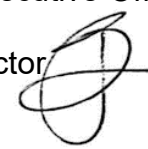




May 21, 2026

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer 
Janet Sutter, Executive Director 
Internal Audit Department

Subject: Independent Accountants' Report on Applying Agreed-Upon Procedures, City of Buena Park

Overview

Crowe LLP, an independent accounting firm, has applied agreed-upon procedures related to a settlement agreement between the City of Buena Park and the Orange County Transportation Authority. Based on the procedures performed, the City of Buena Park obtained an unmodified opinion on its Annual Comprehensive Financial Report for the year ended 2025, spent sufficient funds to meet the required minimum maintenance of effort, and its Local Fair Share expenditures were allowable per the Measure M2 Ordinance. Auditors identified expenditures related to two projects that were not listed on the City of Buena Park's Seven-Year Capital Improvement Program Report; however, a revised report was prepared during the review.

Recommendation

Receive and file as an information item.

Background

On May 28, 2024, the Orange County Transportation Authority (OCTA) Board of Directors (Board) found the City of Buena Park (City) ineligible to receive or apply for Measure M2 (M2) revenues for a period of five years after agreed-upon procedures (AUP) applied by an independent accounting firm for fiscal year (FY) 2022-23, found that the City could not sufficiently support their use of \$387,576 in M2 Local Fair Share (LFS) funds.

A written settlement agreement, dated July 10, 2024, was executed between OCTA and the City that outlined requirements for the City to re-establish eligibility. Per the settlement agreement, the City was required to repay \$387,576

in misspent LFS funds, obtain an unmodified opinion on its Annual Comprehensive Financial Report (ACFR) for the FY 2023-24 through FY 2027-28, and continue to meet all M2 eligibility requirements, including meeting its annual maintenance of effort (MOE) benchmark, and ensuring any expenditures against the City's LFS fund balance comply with M2 Ordinance (Ordinance) requirements.

Crowe LLP (auditors) was engaged to apply AUPs to determine the City's compliance with requirements of the settlement agreement and the Ordinance for FY 2024-25.

Discussion

The auditors confirmed the City's ACFR reflected an unmodified opinion, tested a sample of MOE and LFS expenditures for FY 2024-25, and found the City met the minimum MOE benchmark and LFS expenditures complied with Ordinance requirements.

The auditors identified two projects funded with LFS that were not listed on the City's Seven-Year Capital Improvement Project (CIP) Report, as required; however, management amended the CIP Report and obtained City Council approval on February 10, 2026. No other observations were made as a result of applying the AUPs.

The detailed AUP report can be found in Attachment A.

Summary

The auditors have applied AUP's related to the City's FY 2024-25 activities.

Attachment

- A.** Orange County Local Transportation Authority Measure M2 Local Fair Share City of Buena Park Agreed-Upon Procedures Report Year Ended June 30, 2025

Approved by:



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