

**SUMMARY OF AGREED-UPON PROCEDURES REPORTS**  
**Orange County Local Transportation Authority**  
**Measure M2 Local Fair Share for the Year Ended June 30, 2020**

City	Result	City Management Response
Brea	The City of Brea's (Brea) expenditure report reflected \$0 in indirect costs charged as maintenance of effort (MOE) expenditures; however, testing identified indirect expenditures were charged to the MOE.	Brea has learned as part of this review that certain staff costs should be considered indirect, due to the manner in which the costs are charged to the program. Brea now has clarification on how these costs should be listed for reporting purposes.
Costa Mesa	The City of Costa Mesa (Costa Mesa) reported total MOE expenditures of \$9,713,495, on its expenditure report. Actual expenditures, per the general ledger, totaled \$9,413,495, a variance of \$300,000. The variance resulted from a clerical error.	Costa Mesa has implemented an additional layer of review to ensure accuracy.
Laguna Hills	The City of Laguna Hills (Laguna Hills) reported total MOE expenditures of \$1,516,648, on its expenditure report. Actual expenditures, per the general ledger, totaled \$1,407,967, a variance of \$108,681. The variance resulted from a reporting error.	Laguna Hills is in the process of revising its expenditure report and will submit the revised report to the Orange County Local Transportation Authority.
	Testing of 40 direct MOE expenditures, totaling \$243,690, identified one expenditure of \$80, that was not allowable per the Ordinance.	Laguna Hills will enhance its review procedures to ensure only eligible costs are allocated as MOE expenditures.
	Testing identified \$341,205 in MOE direct costs that were reported as indirect costs, in error. In addition, \$6,533 in MOE indirect costs tested were not allowable per the Ordinance.	Moving forward, Laguna Hills will classify contract engineering services as direct costs and will enhance its review procedures to ensure only allowable expenditures are allocated as MOE.
	Local Fair Share (LFS) expenditures related to one project (Street and Roadway Maintenance) that was not listed on Laguna Hills' Seven-Year Capital Improvement Project (CIP) Report, as required.	Moving forward, Laguna Hills will list the Street and Roadway Maintenance program as a LFS project on its CIP report.
Lake Forest	None	
La Palma	The City of La Palma's (La Palma) expenditure report reflected \$0 in indirect costs charged as MOE expenditures; however, testing identified indirect expenditures were charged to the MOE.	La Palma will report these expenditures as indirect costs in the future.
Placentia	The City of Placentia (Placentia) reported total MOE expenditures of \$1,125,411 on its expenditure report. Actual expenditures, per the general ledger, totaled \$848,930, a variance of \$276,481.	Placentia identified, corrected, and re-submitted its expenditure report.
	Testing of 40 direct MOE expenditures, totaling \$228,492, identified one expenditure for \$910, that was not allowable per the Ordinance.	Placentia's finance department will complete a thorough analysis of these expenditures before submission.
	Placentia's expenditure report reflected \$0 in indirect costs charged as MOE expenditures; however, testing identified indirect expenditures were charged to the MOE.	Placentia will review the Ordinance and Gas Tax Guidelines to ensure proper classification of expenditures in future reports.
Tustin	Testing identified \$188,625 in MOE direct costs that were reported as indirect costs, in error.	Going forward, the City of Tustin (Tustin) will ensure these costs are categorized as direct costs.
	Testing identified \$27,229 in LFS direct costs that were reported as indirect costs, in error.	Going forward, Tustin will ensure these costs are categorized as direct costs.