

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 LOCAL FAIR SHARE
CITY OF HUNTINGTON BEACH**

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2025

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 LOCAL FAIR SHARE
CITY OF HUNTINGTON BEACH**

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2025

The city of Huntington Beach was selected at the direction of the Orange County Local Transportation Authority Board of Directors to perform agreed-upon procedures for the fiscal year ended June 30, 2025.

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayer Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Huntington 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, 2025. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayer 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, 2025. 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 a copy of the City's FY25 Annual Comprehensive Financial Report and determine whether it reflects an unmodified opinion per Independent Auditor's report.

Findings: We obtained the FY25 Annual Comprehensive Financial Report for the City of Huntington Beach and noted that the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements.

2. Describe which funds the City used to track all street and road expenditures and inquire how the City identifies MOE expenditures in the general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, object, and business unit number. The City records its MOE expenditures in its General Fund (100) and Capital Projects Fund (314), and is identified by a 5-digit object number and 5-digit business unit number. No exceptions were found as a result of this procedure.

(Continued)

3. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2025 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2024/2025. 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, 2025, were \$7,789,580 (see Schedule A) which exceeded the MOE benchmark requirement of \$6,494,379. We agreed the total expenditures of \$7,789,580 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

4. 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 40 direct MOE expenditures totaling \$3,913,157, which represented approximately 50% of direct MOE expenditures of \$7,789,580 for the fiscal year ended June 30, 2025. We agreed to the dollar amount listed on the general ledger to supporting documentation provided by the City. We 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.

5. 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, 2025. 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, 2025. 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 and activity number. The City recorded its LFS expenditures in its Measure M Fund (213). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025 were \$3,517,837 (see Schedule A), which differed from the City's Expenditure Report by \$169,260 (Schedule 2, line 17, and detail listed at Schedule 4). Through discussion with the City's accounting personnel, we concluded that the variance was due to an oversight when compiling the M2 Expenditure report. No other 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.
 - 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 expenditures and allowable per the Ordinance.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven Year CIP, without any exception. We selected 18 Measure M2 Local Fair Share direct expenditures for inspection totaling \$2,781,861 representing approximately 79% of total Measure M2 direct Local Fair Share expenditures of \$3,517,837 for the fiscal year ended June 30, 2025. 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 tested. 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, 2025. 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.

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.

(Continued)

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

Crowe LLP

Costa Mesa, California
April 8, 2026

CITY OF HUNTINGTON BEACH, CALIFORNIA
 SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
 Year ended June 30, 2025
 (Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Construction & Right-of-Way	
Street Reconstruction - Pavement	\$ 676,430
Pedestrian Ways & Bikepaths	65,000
Storm Damage	36,015
Total Construction	<u>\$ 777,445</u>
Maintenance	
Patching	\$ 233,065
Overlay & Sealing	3,746,177
Street Lights & Traffic Signals	1,438,860
Other Street Purpose Maintenance	1,594,033
Total Maintenance	<u>\$ 7,012,135</u>
Total MOE Expenditures	<u>\$ 7,789,580</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
General Street Maintenance for Public Works	\$ 938,299
Residential Pavement	48,015
Arterial Rehabilitation 22-23	33,288
Arterial Rehabilitation 23-24	30,400
Admiralty Bridge Rehab	247,315
Zone 1 Overlay	4,042
Residential Zone Maint 24-25	2,075,173
Arterial Rehab 24-25	33,010
Residential Curb Ramp 24-25	108,295
Total Measure M2 Local Fair Share Expenditures	<u>\$ 3,517,837</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 11,307,417</u>

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



CITY OF
HUNTINGTON BEACH

Zack Zithisakthanakul | Acting Chief Financial Officer

April 8, 2026

Board of Directors
Orange County Local Transportation Authority
and the Taxpayer 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 Huntington Beach as of and for the fiscal year ended June 30, 2025.


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, 2025. 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 and activity number. The City recorded its LFS expenditures in its Measure M Fund (213). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025 were \$3,517,837 (see Schedule A), which differed from the City's Expenditure Report by \$169,260 (Schedule 2, line 17, and detail listed at Schedule 4). Through discussion with the City's accounting personnel, we concluded that the variance was related to an oversight when compiling the M2 Expenditure report. No other exceptions were found as a result of this procedure.

City's Response: The City acknowledges the finding regarding the \$169,260 variance between the general ledger and the Measure M2 Expenditure Report for the fiscal year ended June 30, 2025. To prevent future occurrences, the Finance Department and Public Works have updated its year-end reporting checklist to include a mandatory secondary review and a formal reconciliation step between the general ledger and external reports before submission. The City intends to revise and resubmit the expenditure report.

 4/8/26
Travis Hopkins, City Manager

 4/8/26
Zack Zithisakthanakul, Acting Chief Financial Officer

 4/8/26
Chau Vu, Public Works Director